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The Wine Spectator California Wine Oral History Series

Frank M. Woods

FOUNDING CLOS DU BOIS WINERY: A MARKETING APPROACH

An Interview Conducted by
Carole Hicke
in 1998

Since 1954 the Regional Oral History Office has been interviewing leading participants in or well-placed witnesses to major events in the development of Northern California, the West, and the Nation. Oral history is a method of collecting historical information through tape-recorded interviews between a narrator with firsthand knowledge of historically significant events and a well-informed interviewer, with the goal of preserving substantive additions to the historical record. The tape recording is transcribed, lightly edited for continuity and clarity, and reviewed by the interviewee. The corrected manuscript is indexed, bound with photographs and illustrative materials, and placed in The Bancroft Library at the University of California, Berkeley, and in other research collections for scholarly use. Because it is primary material, oral history is not intended to present the final, verified, or complete narrative of events. It is a spoken account, offered by the interviewee in response to questioning, and as such it is reflective, partisan, deeply involved, and irreplaceable.

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Frank Woods, 1980.

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Winery owner

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Background and early marketing experience with Procter & Gamble; developing and marketing Pine Mountain Log and other products; developing Breckenridge Ski Resort; Clos du Bois: vineyards in Alexander and Dry Creek Valleys, producing wine at other wineries, marketing goals for the label, building facilities and tasting room, sale to Hiram Walker in 1998; significance of Sonoma County in the wine industry.

Interviewed 1998 by Carole Hicke for the Wine Spectator California Wine Oral History Series, the Regional Oral History Office, The Bancroft Library, University of California, Berkeley.

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PREFACE

The California wine industry oral history series, a project of the Regional Oral History Office, was initiated by Ruth Teiser in 1969 through the action and with the financing of the Wine Advisory Board, a state marketing order organization which ceased operation in 1975. In 1983 it was reinstituted as The Wine Spectator California Wine Oral History Series with donations from The Wine Spectator Scholarship Foundation. The selection of those to be interviewed has been made by a committee consisting of the director of The Bancroft Library, University of California, Berkeley; John A. De Luca, president of the Wine Institute, the statewide winery organization; Carole Hicke, series project director; and Marvin R. Shanken, trustee of The Wine Spectator Scholarship Foundation.

Until her death in June 1994, Ruth Teiser was project originator, initiator, director, and conductor of the greater part of the oral histories. Her book, Winemaking in California, co-authored with Catherine Harroun and published in 1982, was the product of more than forty years of research, interviewing, and photographing. (Those wine history files are now in The Bancroft Library for researcher use.) Ruth Teiser's expertise and knowledge of the wine industry contributed significantly to the documenting of its history in this series.

The purpose of the series is to record and preserve information on California grapegrowing and winemaking that has existed only in the memories of winemen. In some cases their recollections go back to the early years of this century, before Prohibition. These recollections are of particular value because the Prohibition period saw the disruption of not only the industry itself but also the orderly recording and preservation of records of its activities. Little has been written about the industry from late in the last century until Repeal. There is a real paucity of information on the Prohibition years (1920-1933), although some commercial winemaking did continue under supervision of the Prohibition Department. The material in this series on that period, as well as the discussion of the remarkable development of the wine industry in subsequent years will be of aid to historians. Of particular value is the fact that frequently several individuals have discussed the same subjects and events or expressed opinions on the same ideas, each from his or her own point of view.

Research underlying the interviews has been conducted principally in the University libraries at Berkeley and Davis, the California State Library, and in the library of the Wine Institute, which has made its collection of materials readily available for the purpose.

The Regional Oral History Office was established to tape record autobiographical interviews with persons who have contributed significantly to recent California history. The office is headed by Willa K. Baum and is under the administrative supervision of The Bancroft Library.

Carole Hicke
Project Director
The Wine Spectator California Wine
Oral History Series

July 1998
Regional Oral History Office
The Bancroft Library
University of California, Berkeley

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- Ernest A. Wente, *Wine Making in the Livermore Valley*, 1971
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- Albert J. Winkler, *Viticultural Research at UC Davis (1921-1971)*, 1973
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INTERVIEW HISTORY--Frank M. Woods

Frank Woods, founder and former owner of Clos du Bois winery, was interviewed as part of the Wine Spectator's California Wine Oral History Series to document his career and contributions to the history of California wines.

As one of the founders of the Clos du Bois winery--the winery name echoes his name in French--Frank Woods approached the business in an unusual way: he developed the label before there was any winemaking facility. It was an approach that reflected his expertise and experience.

As the son of hotel managers, Woods grew up in a hotel and graduated from Cornell University's School of Hospital Administration, but took his skills to Procter & Gamble's marketing department. P&G was on the cutting edge of techniques for brand management. "I was fascinated by the idea of developing brand value through your ability to create an image and sell that image to the public," Woods recalls. It was a concept he never forgot.

After serving a hitch in the U.S. Army in Korea, Woods was sent by P&G to California to their Clorox plant, and when that closed, he decided to become an entrepreneur. He started several small market companies, and with some partners, developed the Breckenridge Ski Resort.

While that was in the final stages, Woods and his partners began buying vineyards in the Alexander and Dry Creek valleys in Sonoma County. His plan was to develop a low-volume house with multiple shelf facings in retail outlets in order to have an impact on the consumer. Called the Winery on Wheels, because the wine was made at other facilities, Clos du Bois quickly acquired consumer accolades for its consumer-friendly wines. From 1974, the year of its first bottled vintage, until 1988, when it was sold to Hiram Walker, Frank Woods guided its growth, guarded its reputation for quality wines, and found ways to make Clos du Bois unique to its customers. In addition, he has participated in many industry-related activities.

Woods was interviewed on January 5, 7, and 13, 1998, in his offices high above the San Francisco financial district. He made scrapbooks and documents available during the interviews, and was prompt in providing photographs and copies of labels for the final volume. He reviewed the transcript carefully and made few changes.

This series is part of the ongoing documentation of California history by the Regional Oral History Office, which was established in

1954 to augment through tape-recorded memoirs the Library's materials on the history of California and the West. Copies of all interviews are available for research use in The Bancroft Library and in the UCLA Department of Special Collections. The office is under the direction of Willa K. Baum, Division Head, and the administrative direction of Charles B. Faulhaber, James D. Hart Director of The Bancroft Library, University of California, Berkeley.

Carole Hicke
Project Director

August 28, 1998
Regional Oral History Office
Berkeley, California

BIOGRAPHICAL INFORMATION

(Please write clearly. Use black ink.)

Your full name FRANK MONTGOMERY WOODS, JR.

Date of birth CHATTANOOGA, TENN Birthplace MARCH 31, 1933

Father's full name FRANK MONTGOMERY WOODS, JR.

Occupation HOTEL OPERATOR Birthplace LEWISBERG, TENN.

Mother's full name JOSEPHINE ROBERTS WOODS

Occupation HOUSEWIFE Birthplace JEFFERSON CITY, TENN.

Your spouse KATHRYN HARRIGAN WOODS

Your children DORINE ROSS TOWLE, FRANK MONTGOMERY WOODS III,
KATHRYN ALEXANDRIA WOODS

Where did you grow up? BIRMINGHAM ALABAMA & NASHVILLE, TENN.

Present community SAN FRANCISCO & HEALDSBURG

Education CORNELL UNIVERSITY, B.S.

Occupation(s) BUSINESSMAN

Areas of expertise MARKETING

Other interests or activities TRAVEL INTERNATIONAL,
TENNIS, PALEOANTHROPOLOGY, HISTORY
SAILING, FINE ART.

Organizations in which you are active BOHEMIAN CLUB,
PACIFIC UNION CLUB, ST. FRANCIS YACHT CLUB,
L.S.B. LEAKEY FOUNDATION BOARD OF TRUSTEES,
SAN FRANCISCO FINE ARTS MUSEUM BOARD,
CALIFORNIA TENNIS CLUB.
FORMER CHAIRMAN WINE INSTITUTE.

I BACKGROUND

[Interview 1: January 5, 1998] ##¹

Growing up in a Hotel

Hicke: Let's start this morning with something about your background. I'll ask you first when and where you were born.

Woods: I was born March 31, 1933, in Chattanooga, Tennessee. My folks were in the hotel business. When I was about eighteen months, my father was offered a hotel in Birmingham, Alabama, and we moved from Tennessee to Alabama.

When we moved to Birmingham we decided to live in the penthouse of the hotel. It just happened to have accommodations that my folks thought were suitable for raising a family. So for the entire time that I was in Birmingham, which was up until 1942 when I was nine, we lived in the hotel.

Growing up in a hotel had a lot of interesting experiences for a young child. For example, my nanny was the wife of the captain of the bellmen, and she was a college graduate--one of the few black women in that era who had graduated from college. She had taken her teaching credentials. So, at eighteen months she turned me into a guinea pig student, I guess.

Hicke: Putting her theories into practice?

Woods: As a result, by the time I was two I could go through the entire alphabet and could read the letters in the newspaper and certain words in the newspaper and began to identify, while walking down the streets, the names of the automobiles. Also, interestingly

¹## This symbol indicates that a tape or tape segment has begun or ended. A guide to the tapes follows the transcript.

enough, I wanted to go into drug stores and point out the cigarette packages. I wanted to look at the different labels and see if I could identify what each brand was. This would have been the labels that they had and the recognition, again, of this alphabet that she had taught me.

It was things like that, plus the fact that on my first day of school in the downtown area--which is sort of the ghetto area of Birmingham, the public school there--I had gotten beaten up, because I was the only kid with shoes on in the school. When I came home, my father said, "We're not going to send you there anymore." So he sent me to another public school but out in the suburban area.

It was actually like a little high school. It was a rather good public school we called Lakeview Grammar School. The hotel bellman drove me to and from school. They loved to make the drive out every morning, and then in the evening after school they would be sitting there at the school waiting to pick me up. So I had kind of a chauffeur and a limousine. The kids used to love to pile into the car and come downtown to the hotel.

Hicke: From your school?

Woods: From school. Then their fathers, who were working downtown, would pick them up after they finished their work. Meanwhile, we would play in the hotel, on a playground. We had little things to do. I learned to make friends with the chef, so that when we would come down, we would go to the drug store, and for one penny we could buy an empty cone. Then we would go to the kitchen and the chef would give us as many scoops of ice cream as we wanted for free on top of that cone. I became a great hero, [laughter] because of this ability to supply unlimited ice cream cones for a penny to the kids at school.

But I enjoyed living in the hotel. I enjoyed the personnel. I started working at a very early age down in the scullery, cleaning vegetables and peeling potatoes and shelling peas and the things that a young lad can do.

When World War II started, my father was exempt, because he had four children, but at the same time, we had a hotel that we were involved with in Orlando, Florida. So we moved to Orlando where I went to junior high school, through the eighth grade. Then at the end of the war in 1946, my father took over the Maxwell House Hotel in Nashville, and I moved to Nashville and entered my freshman year in high school.

While I was in Birmingham I had a unique situation. Mrs. Taylor, my first grade teacher, was a wonderful author. I think, combined with this nanny at eighteen months, and having Mrs. Taylor when I was six, my education was really intense in the first few years of my life. She took a group of us--about four in her class--and said, "You have gone so far in reading, in the three R's here--" She had given us such intense training that she convinced the administration that it would be a waste of our time to go through the second grade, that she had already given us all we could learn in the second grade. So we went straight into third grade. So when we got into the fourth grade, they decided to use our school as a locus for a special class of students from all over the city of Birmingham. The four of us and about sixteen others from around the city were put into a class skipping to the fifth grade, which was rather advanced in terms of the activities. They gave us a lot of field trips and a lot of outside activities. So when I left to go down to Orlando, I guess when I was about nine, by that time I was probably two years ahead in school of most of the other kids my age.

Cornell University Hotel School: 1950-1954

Woods: After I graduated from high school in Nashville I had elected to go to Cornell to the hotel school.

Hicke: Did you stay two years ahead? So you graduated at sixteen or fifteen?

Woods: No, I'd just turned seventeen at the graduation, because that would have been 1950. I was sixteen when I was accepted at Cornell, and the big question was: can you come into Cornell at just barely seventeen against these eighteen- and nineteen-year-olds that are there? My folks even thought about holding me out of college for a few years, but they decided, "Okay, you want to do it," and the hotel school had agreed to take me. So I went to Cornell.

Hicke: You clearly were interested in the hotel business because you had enjoyed your--

Woods: Right, right, but as I got into the hotel school, I discovered that as much as I enjoyed the activities of the hotel field, I was finding them to wear a little bit thin. I was looking for something more in terms of business than just the hotel itself.

Hicke: It wasn't challenging?

Woods: I think the challenge was there, but-- There were a lot of things. One, I began to realize, as my father had, that as a hotel man you are always going to be busy when everybody else is playing. While your family is playing, you're going to be working. Your time is just the opposite of where the rest of the world is operating, because you are responsible for their entertainment and their hospitality.

Hicke: Weekends are the busiest.

Woods: Weekends and evening parties and the whole thing.

Hicke: Christmas and New Year's.

Woods: I decided to just do it, but I wanted to look at other areas. So in my senior year at Cornell, I began the exploration of looking at different businesses. I interviewed with IBM, General Electric, and with Minnesota Mining [& Manufacturing Company]. I enjoyed going out to these corporate headquarters. In 1954 they were really interested in finding young management material. As a result, I was invited to fly all over the country to talk to the executives in these large corporations. Procter & Gamble invited me down to Cincinnati.

Hicke: Let me just interrupt a minute. They assumed that hotel management would be applicable to whatever kinds of management that they wanted? Or did you have a broader background?

Woods: The last two years at Cornell I took almost no hotel school courses.

Hicke: Okay, so you broadened your curriculum.

Woods: But I didn't take business courses. I took more arts courses, history courses, science courses, but I did not get into any business-school-type courses. Cornell's business school was not that heavy. I don't even remember that the business school existed then. I'm sure there was something. The hotel school was about as close to a business school, I think, as Cornell had--certainly at the undergraduate level--and I'm not sure we had opened up a graduate degree in business at that point.

We did have graduate degrees in something called Industrial and Labor Relations [ILR]. We were a big training ground for personnel executives and people who were going to go into corporations to deal with unions--that type of thing. But as far as the general business school, Harvard was still the one that everybody looked to.

Hicke: Yes, well, anyway, you graduated with sort of a broad background, actually.

Woods: Yes, I think broader than the average hotel student, but I certainly did not have a B.A. degree. I graduated with a B.S. in hotel administration.

Hicke: What kinds of courses does that involve?

Woods: Accounting, engineering, food preparation. We didn't have wine courses in those days. We had personnel administration courses and then the rest of it is optional liberal arts.

II WORKING FOR PROCTER & GAMBLE

Joining the Company

Woods: When I got to Procter & Gamble--they had an interview on campus and then they invited me to come down to Cincinnati--they were very smart; they put me immediately together with an ex-Cornellian, a gentleman named Hal Payne, who was also not only an ex-fraternity brother who had graduated a dozen years before I had, but he knew some of the overlapping Cornellians that I knew, so we had some immediate friends in common.

Hicke: What fraternity?

Woods: Sigma Phi. I think we have a chapter at Berkeley. There are only about ten chapters in the United States, and I think one is at Berkeley, one's at UVA, and William & Mary. It's the second or third oldest fraternity in the country, along with Kappa Alpha. Anyway, it supposedly is the second or third oldest.

Hicke: And this Hal Payne was--

Woods: Was a Sigma Phi at Cornell.

Hicke: At Cornell, yes.

Woods: So we spent the weekend with his family, and he was really very open about everything at P&G, and he knew the hotel school, and he knew what kind of courses I had taken.

Brand Marketing

Woods: He said, "You know, I think rather than you talking to the personnel department or talking to our sales department in hotel

sales"--because they did have an institutional sales division--"I want you to come down to my department and talk about brand marketing."

So the next week I went down and spent two or three days talking to advertising managers and brand managers in the different departments. They had the food department: *Crisco*, and they didn't have a peanut butter then, but they were just beginning to get into *Duncan Hines* cake mixes. They had a soap department, which was the big department. It was made up of *Tide*, *Camay*, *Ivory*, and *Cheer*--a lot of the brands that you know. Then they had a drug department, which was just in its infancy, but they were developing toothpaste--*Crest*. They had shampoos like *Prell* and *Dream* and some others, but they wanted to get bigger and bigger in that field. I was just fascinated by the entire idea of creating brands and developing brand value through your ability to create an image and sell that image to the public.

Hicke: Weren't they on the cutting edge of that concept?

Woods: Yes. I went back and did some research and discovered that they were the leading marketers of brand management in the country, and a lot of their people had gone on from Procter & Gamble into other businesses. I knew that I didn't want to work for a large corporation for my life's career, but I also wanted to find a corporation where I could get the best experience at the kind of work that I wanted to do and that would appeal to me. Procter & Gamble seemed to fill that bill. So, when I graduated I joined, went right to Cincinnati and was put into brand management work. I worked as assistant brand manager on *Tide* at that point.

Hicke: Let me interrupt again. Can you attribute this concept of brand marketing to any particular person or group?

Woods: Well, I think it basically started with Neil McElroy who became secretary of Defense. It then was developed, expanded, by Howard Morgens.

Hicke: Were they both at Procter & Gamble?

Woods: One was chairman and one was president when I joined. Their disciples--people like Bill Snow and Pete Link (who was one of my mentors), and Hal Payne--these were all people who in the early fifties were the real leaders in this whole concept of brand management.

The brand management concept that P&G established was that each brand became a separate company. As brand manager you organized your own activities: you had your own packaging

department, your own chemists and scientists in their research labs, you had your own intelligence groups that did the consumer research, you dealt with the sales department. They sold all the products, but you represented your product to them in terms of creating sales material for them. You had your own advertising agency, your own budget. You were responsible for every financial element relating to that brand: the cost of the product, the cost of the packaging, the cost of the marketing, anything that affected that brand. It was as though it were an independent company.

Hicke: Each with its own profit center?

Woods: Yes.

Hicke: I know something about the history of Bristol-Myers, and I know they picked up on that eventually, but I don't remember exactly when.

Woods: You see, side by side with me at Tide was Bruce Gelb, who is--

Hicke: Oh yes, Clairol.

Woods: Yes. Bristol-Myers apparently acquired them some time after. Then his brother became president of Bristol-Myers.

Hicke: Yes. That's how it did spread throughout--

Woods: General Foods picked it up by hiring a lot of people from P&G. At one time they had a big battle with Howard Morgens, and he called the president of General Foods and said, "Look, if you hire one more of our marketing people, [laughter] I am going to launch a major product against your highest profit division, the coffee business, and we're going to make it hurt if you steal any more of my people." General Foods kept pirating P&G people, and that is how P&G came to acquire Folgers Coffee in San Francisco. There were about eighty ex-Procter & Gamble employees at General Foods at one time.

Hicke: That's really an interesting bit of information about the history of merchandising, I would say.

Woods: Yes, it was a concept that, certainly post-World War II, really came into its heyday. I think now there are many more innovations that have happened since then, especially in terms of consumer data. The minute you pick up a pack of Crest off that shelf, they know the demographics of the person who bought it and how fast you're going to use that tube, how much you use when you brush your teeth. [laughter] The intensity of the data has certainly

changed a great deal. It still involves creativity, but I think it was, in many ways, much more creative in those days.

Procter & Gamble always wanted facts. It was the one thing where they did not allow you to speculate. Anything you wanted to do you had to back up with facts, and if you didn't have the facts, you had to go get them. You had to create a test market and show that the product would sell before they would let you expand into any kind of regional or national distribution.

Hicke: That's fascinating. What were your responsibilities?

Woods: I think my major responsibility was assistant brand manager on Tide. In those days, Gelb and I split the brand.

Hicke: This was Bruce or Richard?

Woods: This was Bruce, I think. Richard was his older brother--the one who was president. Bruce is the one who was at P&G. He had just graduated from Harvard Business School and had been there about a year when I came, I think.

But we split the task. One would be in charge of packaging, and another would be in charge of media. One would be in charge of copy, the other would be in charge of consumer research. We had a brand manager that we reported to, and then there was a group manager that he reported to, and ultimately to the vice president of soap marketing.

Hicke: So a group would be consisted of soaps, for instance?

Woods: There were about three groups within soap marketing. A group would be about four or five brands. Within our group we had *Mr. Clean*, *Tide*, *Camay Bar Soap*, and we had two or three products in test. *Dreft*--that's right, there was a product called *Dreft*, which was pink. It was a new product.

Military Service, U.S. Army

Woods: So anyway, for about six months I worked on *Tide*, and then the army called me up for service in Korea. I had gone through the R.O.T.C. [Reserve Officers Training Corps] at Cornell, then I went off to Petersburg, Virginia--Fort Lee--at the quartermaster training school there. After I graduated from that, they assigned me to Korea, and I got there in the spring of '55.

Fortunately, by that time hostilities had calmed down and they were not really shooting at each other in anger. There was still the DMZ [demilitarized zone] that had guns facing both ways, but it was a more relaxed atmosphere, I think. I was put in as a company commander in one of the quartermaster depots with about 110 men, and they didn't have any captains. Captains were short, so they put a second lieutenant in there as company commander, and I was immediately thrown into having to supervise a whole bunch of people and be responsible for about a hundred million dollars worth of U.S. taxpayers' gear that was going to be used in nonlethal ways. It was food and clothes and that type of thing that we were supplying to the front lines.

Hicke: It's not what a second lieutenant is usually supposed to do.

Woods: It was a logistics position, really, trying to maintain the flow of goods properly and maintain the accountability. The biggest problem was the theft of yeast. That was the biggest problem.

Hicke: By the Koreans?

Woods: By the Koreans. They needed yeast for many of their dishes. We were just having an impossible time getting our yeast up to our depot so we could supply the mess kitchen. We decided finally that we would go to the expense of putting \$40,000 worth of yeast in these two big metal containers--a total of \$80,000 in value. Then we put their loading doors back to back on a flatbed so the doors faced each other on the flatbed. We used these huge cranes down at Pusan at the loading dock to put these containers in that position, because they each weighed several tons. Then we put armed guards up on top to keep people around the sides from using their blowtorches or something to get into these containers. Then we shipped it up north to where we were, which was about five hundred miles, a three-day trip. When the containers got to the depot, we had big cranes, and we offloaded them. We turned them around and the seals were still intact on the containers. We opened them up, and both of them were totally empty.

Hicke: What? [laughter]

Woods: It was the most incredible thing that had happened. We had everything covered, and somehow or another--.

Hicke: You don't know how they did it?

Woods: We never found out.

Hicke: Did they drill up through the bottom?

Woods: All they know is there was a lot of army yeast on the black market for the next six months. [laughter] Yeast suddenly dropped to an all-time low in black market prices. But those were the kinds of things we dealt with in 1955.

It was getting to the point that we were having morale problems with the troops, because there really wasn't enough to keep them busy. There certainly wasn't enough excitement to keep them happy. With the exception of a dozen of the men in my company, they were mostly nineteen or younger, so it was like running a boys' camp in a way--a big boys' camp. So I decided to organize a football team.

Do you remember the movie *M.A.S.H.*, the original movie *M.A.S.H.*?

Hicke: Yes, I didn't see it, but I know about it.

Woods: That could have been filmed in our depot.

Hicke: I was thinking about that when you were talking about these things.

Woods: We organized this football team and found in the roster that among the dozen or so men that had some college experience, there was a real hot halfback from the University of Houston, a real scatback, and then there was another lieutenant in the company who had been --I guess it was Pac 8 back in those days--a guard for the University of Washington football team. Then we had several others who had been stars in their high school. So we organized this little football group, and we played the posts around us, and pretty soon we beat everybody. I was the player-coach for the group.

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Woods: We got a call from the general in charge of the infantry troops in the DMZ, and he thought it would be good for the troops to have a football tournament and invite the top teams from our area to come up and play the top teams in their area and to have a sort of playoff. So we went up and spent a week and won that tournament.

So then the head of the 8th Army, who was in Japan, decided that he wanted an area-wide tournament. We were all invited to come to Japan for a week for a playoff there, and we won that.

Then they decided that they would have an all-U.S. military Far East tournament in Okinawa. So we went down to Okinawa. By now, we were well into 1956. We were playing for Far Eastern

championship against the paratroopers in Okinawa, and in the third or fourth play of the game, I got knocked out. We won the game, but I only found out when I woke up in the hospital that we had won the game and the championship for the Far East.

What had happened was they had broken my jaw with their big paratrooper boots they were playing in. We were playing with rather light ones, but they had been accustomed to wearing these big heavy boots, and one of them had just kicked me right in the jaw as I had gone down. I didn't know what had happened; I just went out immediately.

I was the only officer beside the other lieutenant there, so I was responsible for all these men. They got me back on a stretcher, really, to Korea, to the camp, and the dentist there looked at it and said, "You know, there's nobody in the Far East who can take care of this. You've so shattered your jaw that we're going to have to send you back to Walter Reed [Hospital] to have it redone."

So they air-evacuated me back to Walter Reed where, for the last two months of my military career, I was in a suite at Walter Reed. My sole job was to report on every Friday, so that the orthodontist could work on the molding together of my jaw and use it as a board example for the young orthodontists. So I had to have about twenty guys looking into my jaw every Friday morning, but most of the time I was free to enjoy Washington, D.C., to go wherever I wanted--because I was ambulatory, it was just that I couldn't--I had to--

Hicke: You couldn't enjoy the restaurants too much.

Woods: Right. I had to sip everything through a straw for a time. But I didn't have a lot of pain, and it was almost like a two-month vacation in Washington. By the time I finished up my tour, my two years in the military had expired so I returned to Procter & Gamble.

Back to Procter & Gamble, 1956

Hicke: This is '56?

Woods: Yes, the end of '56. I planned to go to Harvard Business School when I got out of the army and then come back to Procter & Gamble, but, because it was at the end of the year, I had a six-month period before business school would start up. So they convinced

me that I should stay at Procter & Gamble and go into sales training, which is what every brand manager had to do. Before you can become the brand manager, you have to go out in the field and work for six months in the field and see what it's like to sell to the little Chinese grocer down the street and the big Safeway buyer up in the office and go out and build displays of *Tide* and put up posters and just really get your hands dirty in the whole marketing business. Everybody from Neil McElroy to Howard Morgens had done this. This was P&G's plan.

They sent me to Los Angeles for my sales training, and I had a lot of fun. I really enjoyed Los Angeles, and I enjoyed the sales activities. We set a few records in terms of sales for the district, and I realized that sales is totally different from marketing, because you get immediate recognition of your accomplishments, whereas in marketing you plan a program, you put it into effect, and six months from now you may, if you're lucky, see some of that influence in the marketplace. You may see your program influence people and the way they buy products.

Hicke: Reflected in the sales, is that right?

Woods: Yes. When you're selling out there you can measure, almost on a weekly basis, what effect you had on the P&G brands in your store versus what it was a year ago in that store.

Hicke: That's an interesting perspective.

Woods: Instant gratification. Then I came back to Cincinnati, and by that time I had decided that I could learn as much at P&G about what I wanted to do as I could by going to Harvard Business School, and I would be further ahead two years from that date by staying at P&G than I would by going to business school.

Having to do it again, I probably would have been better off going to Harvard Business School, but at that point I was convinced by the people at P&G. They were hiring a lot of Harvard Business School people, and they convinced me that I would go further in the company by having those two years there to get that much further ahead of the guys coming in from HBS.

My son is at Tulane Business School, and I really encouraged him to go back to business school after eight years out of Georgetown [University]. I'm a great believer that that added degree is helpful, especially after you've had some time out in the real world.

But when I got back to P&G, I became a brand manager after sales training on the development of a new product. It was a new

bar of soap. P&G believes that the more brands they can place in a category, the bigger share of the market they will obtain.

Hicke: Even though they're competing against themselves?

Woods: Even though they're competing against their own brands. So they had Ivory Bar, Zest Bar, and Camay Bar. Ivory floats, Zest has a deodorant, and Camay is pink. [laughter] They gave me the job of introducing a bar that had all those three things combined: a floating, pink, deodorant bar which we called *Dawn*. I designed the product, designed the packaging--or I was in charge--I had a staff of people that were working on all this. Then we created the test markets in three different areas--one East Coast, one Midwest, and one West Coast market--and we launched the product.

Then P&G decided--they had just bought a company out here on the West Coast called Clorox--so they shipped me out here to be in the marketing department of Clorox once we'd finished that test market project, because I had been out here on the West Coast for sales training.

I got to San Francisco. We worked on the transition of getting Clorox into the P&G mode, and then the FTC [Federal Trade Commission] stepped in and said that P&G had to divest themselves of Clorox, because they had created a monopoly in the bleach business. By combining Clorox with all of their other soap-related activities, they had too much of the grocers' shelf space tied up in one company. So P&G elected to spin off Clorox as a separate company and asked me to come back to Cincinnati. The mistake was that they had allowed me to come to northern California, and I didn't want to leave. [laughter] So I said, "No, I think I'm going to stay out here."

III ENTREPRENEURIAL ENTERPRISES

Pine Mountain Log

Woods: That's when I started really getting involved in the entrepreneurial end of my life and went into business with some fellows down in South San Francisco. We started a company where we took over a product that had been developed by a young--well, middle-aged--scientist in Berkeley, one of these back-of-the-garage type things. I don't know if you remember a company called Dymo over there that made the label tapes.

Hicke: Oh yes.

Woods: That was a Berkeley company. Rudy Herwich was the guy who founded Dymo, and somehow or another this inventor had been involved with him in the development of that product and had left Dymo and had started developing this fireplace log. It was a fireplace log where you put fuel into the sawdust mix and then packaged it inside a paper wrapper. You would light one match to it and get a fire going. In those days he called it *Pak-O-Fyr*.

So he called some friends of mine and said, "Would you be interested in taking over this product if I can acquire it and launch it as a business?" Ned Eyre was my partner, my associate in this. His grandmother was Gertrude Atherton, the famous writer. It was Ned and a fellow named Norm Hunter who had a company called the Hunter Container Corporation. They made big tin containers for specialty products like ink, things that had high acid content.

So the three of us started this company, but we decided that the process was wrong. He was using a little crank case diesel fuel, and it would leak out of the package at times and get all over the grocer's floor. It would leak out of the fireplace and cause all sorts of problems. Some of them exploded, because they had little pockets of gas that had built up. There were a lot of

problems. The concept, though, was good. We tested and found that it was an easy way to start a fire in the fireplace. The other manufactured logs that were out there at the time "Presto Logs" were really hard to light, and natural wood--unless it was two or three years old--was very green and very difficult to light.

So we went out and did some consumer research on names, and we selected the name *Pine Mountain Log*. Then we designed a package that sort of resembled a log on the outside of the package, but on the front of the label was a nice mountain scene with pine trees, etc. We put some fragrance into the product and a little bit of color sparkles so that the flames were a little more colorful than usual, and we marketed this product and developed it into quite a successful product up and down the West Coast.

However, we could only ship maybe five hundred miles at the maximum--to Los Angeles or Seattle; that was about the range. Some went to Denver. To expand we needed another plant: one in the Midwest and perhaps one in the East. So we sold that company to the Shackel family--Ethel Kennedy's family. They own a company called Great Lakes Carbon, and one of their products was charcoal. They used to fill up their warehouses and their plants around the country with charcoal in the wintertime, because they sold it in the summertime. But in the summertime they had empty warehouses. Our problem was that we had to build up our inventory in the summertime and then we sold it out and had empty warehouses in the wintertime. So they bought it and expanded it to the Midwest and East Coast, built factories, and it became a national product.

Hicke: I assume you solved the problems of the leakage.

Woods: Yes. What we did was we went to Standard Oil of California and got them to supply us with a better fuel. At that time, milk cartons were wax cartons, and they had just developed a polyethylene plastic that didn't have all that waxy stuff that caked off into your glass. That was sort of an undesirable thing. So they had built up this huge pipeline supply of slack wax to wax these cartons and had nothing to do with it. We went to their chemists and said, "Is there some way that we could use this wax to penetrate the wood fiber, so it's not just coating the wood but actually goes inside?" So they developed a process of heat and chemicals that actually opened up the pores of the sawdust and allowed the wax to go inside and created an ability so that when the log burned, it tended to burn--as the temperature reached a certain level, it would vaporize and provide fuel for the flames. But it was like a turkey cooking--the temperature would gradually move toward the center, and the vaporization, therefore, would keep the log burning for two to three hours before it burned out,

because it only vaporized at a certain temperature. You would have a three-pound log that would fill up the fireplace when you started, but at the end it would be ashes that would fit in the palm of your hand.

Hicke: That would be nice.

Woods: Because it was total combustion.

Hicke: How did you find out about this wax?

Woods: Just conversations with people in the fuel business. I knew that we had to change the fuel, and I went out and did some research and started knocking on doors until we found it.

Hicke: Oh, you were actually looking.

Woods: Standard Oil was delighted. This was a great way for them to use up another product that they had on their shelf. But that sort of led me to another project.

Marketing Continental

Hicke: When did you sell this company?

Woods: It must have been about 1964, because I had started up a company called Marketing Continental. I rolled the funds from the Pine Mountain Log company into a company that was designed to take products like *Pine Mountain Log*, which had been developed through the research labs of big companies like Standard Oil, and put them into the marketplace. So we searched around and went to Carnation, and they referred me to a little company down there that they were supplying some products to. We took this product into a broad distribution. It was sort of the predecessor of *Instant Breakfast*. It was called *Tiger's Milk*, and it was a nutritional product that you could mix with water or milk. We developed that throughout health food stores, pretty much in the Western states.

Then we found a real opportunity. Some people with Shell Chemical Company came to me and said, "We have some products in our laboratories that we think have consumer potential, but we don't have any kind of over-the-counter marketing force. Will you see if there is something that you can do for us?" So I went in and looked and found the product that they were using industrially with a base of something called colenstuase that literally caused

the nerves of certain flying insects to go crazy, to lose control, and the bugs would lose their ability to fly and would die. They were using them in manufacturing plants where they needed to have very good insect control and where they couldn't go in spraying all the time with poison. Anyway, this was incorporated into a plastic product that could exude this material over several weeks.

We created from that a product called *Shell No-Pest Strip*, and we packaged it for the consumer and launched it in a test market and then spread it throughout the country. Very quickly, we were the largest-selling insecticide in the United States. We developed over a \$25-million-a-year business. The product got big enough that Shell said, "We want to put our own sales force together." I had developed about twelve hundred broker salesmen around the country to market this product, so we then trained a bunch of sales managers for Shell and turned them into the marketing force that Shell needed for this and other products.

That product developed some safety problems, and I think it went off the market, but at least for that period of time, it was a very successful product. We developed several other products as well, and then I sold that company to an outfit back in Connecticut.

Hicke: The marketing company?

Woods: Yes. And then I went into business with Tom Reed developing the Breckenridge Ski Resort.

Developing the Breckenridge Ski Resort

Hicke: Tell me about how that got started. How did you meet Tom?

Woods: Tom and I had been at Cornell together. We were classmates--or Tom was a year behind me, I think, but we were both there at the same time. His first wife, Leslie, was a classmate of mine. In fact, when I had first come out here with Procter & Gamble, I had stayed with Tom and Leslie in their home out in Pleasanton when he was with the Lawrence Radiation Laboratory.

We had both been involved in the Goldwater campaign. We had been advance men for the Goldwater presidential campaign in '64. Then in '66, we ran Ronald Reagan's gubernatorial campaign, and he was elected governor of California. Tom was vice chairman of northern California [campaign], and in '66 I was chairman of the Democrats for Reagan. I think that's it. The '66 and '70

campaigns get a little mixed up. Then I became vice chairman in '70, and that's when I became president of the State Personnel Board--from '70 to '80. I was appointed by Reagan to the Personnel Board. So that political phase lasted from '64 to '80, and Tom and I were tied in together politically.

Hicke: You're a Democrat?

Woods: No, I wasn't a Democrat, but they needed somebody to get all the Democrats on board, and I guess I just enjoyed dealing with people of a different persuasion. The head of it was a fellow who was president of the Dollar Steamship Lines at that time--a big Democrat. He had been back in the Johnson administration, and before that, in the Roosevelt administration. He was one of Robert Dollar's right-hand men during the war. Then the other one is Ed Daly, CEO of World Airways in the East Bay. He was part of my committee. And then Frank Sinatra was the third one. They were sort of my co-chairmen. Our job was to have fundraising events with them around the country, around the state, to try to bring support in for Ronald Reagan.

California Political Campaigns, 1966-1970

Woods: In 1966, Tom and I had been involved in the Reagan campaign. In 1968, we were involved in a Reagan for President campaign. Because I had a Southern connection, I took over the eleven Southern states to try and corral delegates for the Miami convention.

Ronald Reagan was a favorite son from California that year at the Republican convention. We were within a hundred votes of getting the nomination for him on that first ballot, and I was involved in a bunch of states who felt extremely loyal to the ideology that Reagan had. They were very strongly for him and the conservative message that he had been carrying here in California, and it fit. I felt like we could take all of the eleven states, and if we got all those eleven states--or the vast majority of them--we could win the nomination and take it away from Nixon on that first ballot.

We got to Miami and went around to each of the caucuses, but after every caucus that we met with in the Southern delegation, Jesse Helms would come in right behind us and promise the Southern states that they were going to have the veto power over Nixon's first Supreme Court nominee. They couldn't select him, but if they didn't want him, they could veto him. So there was a

definite problem there. When the votes were counted, virtually every one of the Southern delegates had voted for Nixon, and I have to ascribe it to the fact that Helms just did a better job of lobbying that group than I did of selling them on Ronald Reagan.

Hicke: Why were they so interested in a Supreme Court nominee?

Woods: You have to realize this was 1968. The riots were going on in Watts. Lieutenant Governor Finch had to fly back from the convention to deal with the Watts riots. The South just felt, coming out of the Lyndon Johnson era, that they needed the judicial control more than anything else, any other aspect. Tom and I started the Breckenridge project in 1969 when we bought the Rounds & Porter Lumber Company and began the ski resort development.

California State Personnel Board, 1970-1980

Woods: Breckinridge was a project that intensified in the summertime because of construction, then there was a lot of vacant time for the rest of the year. So, this gave me the opportunity to serve on the State Personnel Board, which is considered a job where you are compensated for a third of your time. You probably put in more than 50 percent of your time, but it's just one of those paid political appointee positions that is not full time.

So that made sense for me at that time, and simultaneously I began to--I don't know whether it was because I was driving past Davis every day or just because I was beginning to see some opportunities, but I started thinking about the California wine business.

Hicke: I'm going to change the tape here.

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Woods: It was 1970. The way the State Personnel Board works is that every two years the governor has an appointee that he can make on the State Personnel Board; so in his first term, he had appointed two people to the five-person State Personnel Board, and I became his third appointee. At that point, we were the majority, and we were now able to make sure that the Reagan policies could be implemented at the personnel level for the state.

The challenge of the State Personnel Board has always been to use the facilities of the personnel function of the state to

attract talent to work for the state, but also to eliminate the flaky appointments of the politicians, to use the civil service process to create a legitimate meritorious system of promotion. With the huge employment that exists for the California state government, invariably there are political pressures to try and get people under their wing or make them beholden to a political person in power or to get them to do certain things within their department which are considered politically advantageous to the elected official and move away from their independent status as a legitimate functionary of the people of California.

Hicke: Are you talking about appointments that are made by the administration? Or are we talking about civil service jobs?

Woods: Civil service. I mean, the appointments clearly had a lot of political connection, and there's not a great deal you can do about that except try to hold them down to a minimum. But there are certain jobs that have policy-making and are confidential by nature that should be appointed and not processed by the civil service program. But, on the other hand, it is also a problem that when you get a protective mechanism like civil service in there, you can build up a lot of dead wood if you don't maintain some meritorious requirements. Therefore, the State Personnel Board is in charge of the testing, setting the compensation for the different job levels, and for playing a judicial role when somebody feels they've been discriminated against or have not received the promotion that they should have received. We serve as their court of last resort within the administrative system. You can go beyond us out into the legal courts if you want to.

That became a very fascinating ten-year period, because I served for four years under Ronald Reagan, and then for six years under Jerry [Edmund G. Jr.] Brown. Because I was president of the personnel board when Jerry Brown came into office, I had to deal directly with him on a lot of issues, because he was intent on establishing his mark on the state and felt that the essence of control of the state was with the State Personnel system. So he called me into his office once, and he said, "I want you to tell me everything I need to know about the State Personnel system," he said, "because I'm convinced that you have a little black box over there, and that if I can find the key to that little black box, I'll learn how to run this government and how to make it function to my way of thinking." Small is better, etcetera, etcetera.

At one point he had said, "I want to have a think-tank session with you." He said, "I want to have a brainstorming session with you. Will you come up from San Francisco and spend the day with me?"

I said, "Yes, is anybody else going to be there, or just yourself?"

He said, "No, I'm going to have my guru." Barzaghi was his name? Jacques Barzaghi, I think, was his zen master, his sort of unofficial guru.

I said, "Well, if you're going to do that, then I think I should have a guru, also. I'm not really well acquainted with Jesuit didactics."

So I asked Kevin Starr, who was a friend of mine--he has a daughter in my daughter's class in the Sacred Heart Convent--to join me. We drove over and the four of us spent several hours in the governor's office talking about papal encyclicals in the sixteenth century and how that related to the Marxist philosophy of from each according to his ability, to each according to his need--you know, this whole philosophy that Brown was espousing--and trying to see how he could work it into the hundred thousand-plus state employees and the millions of dollars worth of salary that we had out there. He couldn't understand why a woman working in an eight-hour position in a role as a secretary was making less than a guy on a Caterpillar snowplow up in the mountains moving snow off the roads for eight hours a day. There's a tremendous difference, but it wasn't because she was a woman, really; it went beyond that at that point. It was because of the function that the marketplace puts on the risk factors and the skills needed and the hardship, perhaps, of moving that snow around versus sitting at a desk in an office. It could have been a woman moving the snow, but the snow mover got twice the hourly compensation of the person behind the desk.

Jerry couldn't understand this. He couldn't understand why we, being one of the largest employers in the state, couldn't set equal rates and make the rest of the world come to us.

Hicke: I wonder the same thing about basketball players sometimes.
[laughter]

Woods: There are a lot of inequities, perhaps, in the marketplace, but the point is that the marketplace has a better ability to determine that than the governor of the state sitting in his office. You certainly would create nothing but chaos if you suddenly declared that everybody would get equal pay for equal amounts of time worked. I know Jerry Brown didn't believe in it, but he wanted to test it to see how far in that direction he could go.

Hicke: That's a classic Jerry Brown story. He really did operate that way.

Woods: Well, basically the biggest changes that we had were imposed upon us. During the Brown administration, we were put into a position of collective bargaining, which we didn't have before. He put collective bargaining into his platform. At the department level, Rose Bird was in charge of the State Personnel Board. She agreed to a collective bargaining system with the California State Employees Association, which was the first time that we had had collective bargaining for state employees in California. We at the Personnel Board fought it, but once Governor Brown got his three appointees in, in the ninth and tenth year of my tenure, then he had control.

Hicke: On the Personnel Board?

Woods: On the Personnel Board, and then he got his collective bargaining rules installed.

The other aspect that I found most interesting was serving on the Public Employees Retirement System Board as the State Personnel Board's representative. We were rapidly becoming the largest pension fund in the country and were producing in the neighborhood of a million dollars a day that needed to be invested. It's now considerably greater than that. It was a fund that had been restricted in terms of what it could invest in, limited in its ability to go into equities and other sorts of venture investments. We were running out of places where you could put the money and adhere to the kind of strict credentials that the legislature had put in. So we began to liberalize that by getting permission to increase the percentage of equities, which when you look at the market over the last ten years or even fifteen years, that was the smartest thing that the PERS could have done, because that's where the growth of the investment dollar has been. I think that is the primary factor behind the tremendous success that that fund has had over the last couple of decades.

Hicke: What about South Africa? Was that after the time you were on the board?

Woods: That was after. We did belong to this group of people that were studying South Africa--the Kellogg group or something. It was a black minister that headed up a program that would look at the company's personnel and hiring policies in South Africa and their treatment of black employees, and then put corporations on the approved list. We followed that, pretty much. It was not the result of any great pressure from any of our employees, and it was

not an issue that was discussed very much until after I left in 1980 it became a touchy issue.

Hicke: What about the United Farm Workers? Were you involved in that controversy?

Woods: United Farm Workers were there, but it really didn't affect the State Personnel Board. It was more of the Agriculture Labor Relations Board that had to deal with that. I would perhaps by that time have had a conflict of interest, being more and more in the farming mode.

Hicke: One more question. Who were some of the people that you worked with on the Personnel Board?

Woods: Rich Camilli was the director for the first few years. Unfortunately, I didn't review my Personnel Board files for this interview.

Hicke: Yes. I didn't know you were on that, so I didn't have it on the outline.

Woods: All the directors from 1970 and 1980 were very competent, very effective managers. I think we had one of the best staffs in the state government. They certainly kept a lot of problems from getting into crisis level by handling them very adroitly and keeping the system as meritorious as you could, and, at the same time, causing the employees to feel that they had a stake in the state government, that they took pride in the kind of work that they were doing, that they would help weed out the dead wood themselves by just jawboning the bad employees. It was a positive attitude, generally speaking, even though we obviously were in a downsizing mode. The moment the Reagan administration moved in, we were pressing to get every department to drop 10 percent of their employee staff. I felt good about that period of time, but especially about the quality of staff at the State Personnel Board.

Hicke: How about other board members?

Woods: Other board members were good. There was Nita Ashcraft, who was a Reagan appointee. Nita and I worked very closely together because we had worked on the Reagan campaign together.

Hicke: Well, that's mainly what I meant. I'm just sort of asking what stands out in your mind.

More on Breckenridge

Hicke: All right. Can we just discuss Breckenridge today and then start with the wine and vineyards next time?

Woods: Breckenridge was a project that began when Tom was approached by some United Airlines people, through his uncle, Lawrence Reed, in Houston, Texas. A group of investors down there that had successfully developed a large real estate project called Fondran Farms. The United Airlines people had been largely responsible for putting on a successful campaign to win the Winter Olympics for Denver in the late seventies. They, at the same time, wanted to develop Breckenridge as a destination ski resort. It was a local ski area at that time. They went in and acquired the rights to buy the private property around the town of Breckenridge and the mountain leases that were available through the park service for skiing, but they ran out of money. So, through this Fondran Farms and Tom Reed's uncle, they contacted us and talked us into coming out and taking a look at it.

We decided that it was a project that we could handle without having to devote our full time to it, because Tom was now appointment secretary for Reagan, and I was getting ready to go on the Personnel Board. We were involved in the gubernatorial campaign of '70 when this project came up. So we knew that this was something we could do after the campaign.

We went up to look at Breckenridge, and the folks from United Airlines had been smart enough to bring in the master architect of Snowmass, Colorado, a fellow named Fritz Benedict, to design a planned unit development for the entire Breckenridge ski area. We got the Aspen Ski Corporation to come in and agree to run the facilities on the mountain, because we certainly did not know anything about running ski lifts. For that, we built them a huge terminal facility with a cafeteria and office space and a first aid facility, a ski rental shop, et cetera. We also built them a parking lot of about twenty acres. All this for a dollar a year rent for ninety-nine years, with the commitment from them that they would spend close to fifty million dollars on ski lifts and mountain facilities. We had the surrounding land, which we planned to turn into condominiums and hotels and shops and restaurants.

So that was the plan. In 1971 we decided that we had to prime the pump on the condominium and the commercial development, so we built a little initial project called the Four Seasons Village Center, which had some shops and our offices in it. We built the first approximately one hundred condominium units in three

buildings: Snowdrop, Snowdallion, and Columbine. All the buildings in this first development area were named after wild flowers in the Rocky Mountains.

We also were selling lots to other developers--some from Texas, some from New York, some from Chicago--who were building condominium units, or planned to build condominiums after they could see if we were successful in selling them. We launched a marketing program and sold these initial condominium units, with the idea that the other developers would build maybe three thousand condominium units after we had primed the pump.

That project was designed to be completed between 1970 and the beginning of the year of the Winter Olympics--about 1972, I think --and then Attorney General Richard Lamb--later Governor Lamb--launched a campaign to rescind the Olympics in Colorado on the grounds that it was going to be damaging to the environment, that it was going to be expensive for the state, and that it was just something that Coloradans had not had a chance to express their point of view on. The United Airlines guys and the powers-that-be in Denver had gone to the Olympic Committee and sold them on coming to Colorado without a plebescite. There was an anti-Olympic feeling at that point around the state, so the vote went against us, and the Olympics, with less than four years to prepare, were suddenly without a home. That's when they immediately went to Lake Placid, where they had had the Winter Olympics before, and Lake Placid readily accepted them, and Colorado lost the Winter Olympics. It was probably forever. I know they've been to Salt Lake City, but that's about as close as the Winter Olympics will ever get to Colorado after that fiasco.

In the meanwhile, it left us hanging dry, because we had made this commitment based on the business that was going to be developed by the Winter Olympics. So now the sale of condominiums slowed down and sale of our lots slowed down. Instead of being in and out of there in four years, our project now lasted about eight years, so it was twice as long as we had expected. Nevertheless, it did eventually succeed and we did eventually sell all of the properties that we had intended to. Breckenridge, I think, is now a good, solid destination resort.

Hicke: Has it been taken over by one of those large corporations? I know you sold it first.

Woods: The last sale was to a developer in San Diego who came in and bought all the remaining inventory. We had sold most of the properties except for the center of the village, which was to be a high-rise hotel with major shops--sort of a core facility--which was the logical thing to do last, because you needed to have a

market built up before you put in a Marriot or a Hyatt or a Hilton Hotel. I think everything is now built. I haven't been up there in a dozen years, so I can't speak for it firsthand, but people who have homes there tell me that it's really a pleasant family resort now, with a lot of people that come in from around the world during the winter season.

Hicke: Let me ask you if you can give me some specific examples about exactly what your part in this was. I assume it was in marketing.

Woods: It was in marketing. Tom was doing the financing, and my job was to work with the contractors to design the product to make it fit with what the marketplace wanted. In fact, Leslie Reed was very helpful in a lot of the architectural stuff. I think she subsequently went back to architectural school after this. She and I worked with the contractor, who was from Marin County, Walt Mineburger's company. He sent one of his right-hand men to live there, and he liked it so well that he subsequently left Walt and started his own company and now is a huge builder throughout the Rocky Mountain area.

My function really was more to find ways of marketing the product of the individual condominiums, and, at the same time, help to create a program for Breckenridge overall, to gradually get the citizens of Breckenridge involved. At one point we hired Jean Claude Killey, the Olympic ski champion, to be our local ski guru. His contract called for his spending twenty-five days of winter there and to be involved in the ski school and to make his presence known and to be a spokesman. He was just coming off having won four or five gold medals in the previous Winter Olympics. We also started building an interest in horseback riding and Jeep tours so we could fill up the summer months and try to create a year-round business for the area. Breckenridge was just a little mining town with a couple of ski lifts when we came there. In order to make it viable for all of these condominium units and for all the commercial rental space, we had to create a year-round business. That was one of the tasks that I assumed.

Hicke: Did you do any market research? For instance, focus groups? How did you go about this?

Woods: We did some market research, mainly in the Colorado area. It was too expensive to try and reach out to New York and Chicago and Dallas. We figured that if we could make it successful to Coloradans that we would ultimately fill up the bowl with the outsiders. We created a program that the Forest Service bought into, which was to recognize the fact that people who lived in Denver could drive up for the weekend and ski at Breckenridge, but

people who lived in New York, et cetera--they were only going to come for a period of at least five days, probably closer to ten, because of the trouble in getting there. When they've spent that kind of money to get out there, they should be given some kind of ability to enjoy the facilities on crowded weekends when the Denver people were up there. So we set up a system where if someone bought a week-long pass, showing that they were there for a vacation, then on weekends they got to go into a special line that got them right on the lifts, whereas those that were there on the day pass had to stand in line with all the big crowds.

Hicke: Oh, that was a good idea.

Woods: And it created a much better attraction. Even though it was somewhat undemocratic and got a lot complaints from the locals-- ("These are our mountains. How can you give these outlanders special privileges?")--it did create a draw for us with people from out of town. Eventually, I think even the locals recognized the wisdom of having something like that.

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Woods: It gave us some recognition of the fact that we were responsible for entertaining these out-of-state visitors and that we welcomed them here as special guests.

Hicke: I'm sure that was very attractive to people coming from farther away. Was that being done at other resorts?

Woods: Not that I know of. At least, at that time we felt like we were fairly unique in starting this.

It was a fun time to be in Breckenridge, because it was still a small community. We got to know a lot of the locals. I would spend 100 percent of my time in the summer up there, and then about 25 percent to 35 percent of my time in the winter. Once you build the condominiums, you're involved. It no longer is that great combination of the things you like to do--skiing and work--now it has certain drawbacks to it. For instance, I remember skiing down the slopes one day when I was cut off by a very irate man who said, "You're Frank Woods, aren't you? You built the Snowdrop Condominiums. I own number fourteen and my roof is leaking!" [laughter] "Why are you up here skiing? I can't get anybody to fix my roof. You ought to be down there working on it."

Hicke: You can't get away from your job.

Woods: Exactly. So I used to go to Vail and ski. [laughter]

Hicke: Okay. Anything more on Breckenridge, then?

Woods: No, I think that's pretty much it. As I said, it was a much longer, slower project than we anticipated when we got into it, but, at the same time, for whatever reason--and we can go into this in your next session--it gave me a time opportunity to really begin to really explore seriously this concept of premium wine grapes in California.

As I said, when I was involved in the State Personnel Board in the early seventies, I had begun to look into this, and I had decided by 1971 that I really was going to make an investment in the premium grape business in the northern California area, but I needed to know a little bit more about it; so I started attending classes at Davis, and I started talking to professors and looking into real estate values in Napa and Sonoma and up into Mendocino and Lake Counties. By the time I had made my first couple of investments in vineyards in 1971, the rest of the group in Breckenridge were beginning to ask me what was going on in this California wine business and what I was doing out there. Over the next couple of years they got intrigued enough that they said, "Look, don't take all our money and send it back to us from the Breckenridge project; let's start investing some of this money in this California vineyard operation." Pretty soon we had the same investors coming in and buying vineyard partnerships with us in California.

Hicke: Interesting. Was this Breckenridge a limited partnership type of thing?

Woods: Yes. I think there was a corporate program that controlled all of the land and the marketing of Breckenridge Ski Resort, but then every time we set up an individual condominium project, we would set it up as a limited partnership, or, in those days you had something called Subchapter S corporations that were coming into play that were treated from a liability standpoint as a corporation, but from a tax standpoint were treated as a limited partnership.



Frank Woods, 1983, which was the year that Clos Du Bois was selected as California's Winery of the Year by the Club Manager's Association of America.



1985, in celebration of exceeding 200,000 cases in sales.

IV CLOS DU BOIS WINERY

Beginning Interest in Wine

Hicke: Well, shall we take just a minute to maybe talk about your interest in wine and how that got started?

Woods: Sure.

Hicke: For instance, did you have wine when you were growing up?

Woods: I wouldn't say I had a lot of wine with my family. I don't think it was a traditional drink around our table, but by the time I got to Cornell I was very much aware of wine, and I would say I consumed more wine at Cornell than I did any other beverage.

Hicke: That's interesting. Not a beer drinking group?

Woods: Well, there were some there, but the crowd that I was with-- especially at the hotel school--tended to want to know more about wine, because we felt like that was something that we were going to have to sell when we got into the business.

Hicke: What kind of wine were you drinking?

Woods: I was drinking mostly wines that were produced in New York State at the Hammondsport area, which means that it was all that *Vitus labrusca* type. So I did not know what a foxy taste was until I got out to California and realized that I'd been drinking foxy all this time. [laughter] There were more sweet wines than dry wines--more muscatels and ports and things like that than burgundies and bordeaux.

Hicke: So you probably weren't tasting French wines?

Woods: No. It was not until the 1970s that I made my first trip to Europe with my wife, and we made a studied tour of French wine

country. We started in Burgundy and went from Burgundy to Bordeaux and from Bordeaux to Champagne and Champagne to Alsace and met with winemakers and really got to know what the French style was.

Hicke: Did this provoke your interest in vineyards? Or did this come because of your interest?

Woods: I think it came because of my interest.

Hicke: The interest in the vineyards came first.

Woods: I had already made up my mind to invest in vineyards--or invest in land that I would then convert to vineyards.

Hicke: Well, maybe this is a good place to stop.

Woods: All right.

Hicke: Thank you very much.

Acquisition of Vineyards

[Interview 2: January 7, 1998] ##

Hicke: Let's begin today with your interest in California vineyards.

Woods: The interest in California vineyards. Actually, I the beginning was that my wife with our three small children decided that one of the things we should do was find a way to get the children out of the cold fog of San Francisco summers.

We looked around for a summer home and thought about Tahoe and the Monterey Peninsula. Her roommate in college was Cinda Campbell--her maiden name. She had come out to California and married Charlie Crocker, and they had two girls, and she was also interested in looking for a place in the wine country.

So the Crockers and the Woods went up to Napa and started to spend some weekends up there looking at different properties. It was very interesting, because most of the properties that we looked at up there were clearly either in wine grapes or going into wine grapes. The properties for existing lands without vineyards were running five to ten thousand dollars an acre, depending on their potential as a housing site, or with vineyards,

were perhaps running up toward the fifteen to twenty thousand dollar level.

Hicke: Wasn't this how Dan Duckhorn got involved?

Woods: Well, Dan worked with Charlie in the early days after he bought the Dorman homesite, which had been a winery back before Prohibition. Then he and Cinda worked for years, meticulously remodeling.

At the same time, Charlie had a business interest in vineyard technology and vineyard nurseries. Dan was one of his employees, as was, I think, Mike Rohan, who was part of that team, and maybe Jim Lighter. I'm not sure who all was involved. There was a business that Charlie had helped start and was somewhat involved with, and Dan had something to do with before he got his own winery operation.

Hicke: Your trips, then, were earlier than all this?

Woods: Right. This would have been in the mid-sixties, late sixties.

So, anyway, that was the first recollection that I have of California winegrowing and realizing that if we were going to get a place in the northern counties area, it was probably going to be wise to look into the possibility of getting into wine grape growing.

So then, as I mentioned previously, when we found that our Breckenridge project was going to take longer than we had expected and the cash flows were going to be slower than we had expected, I began to look around for alternate investments. And combining the two, looking for a place to have a summer home and a business investment, led me into Sonoma County.

The first acquisition that I made was in 1970. It was the purchase of some lands from the Wallace family in Dry Creek. They had been there since the 19th century. In fact, I think the home in which we presently live in Dry Creek was the birthplace of Mrs. Wallace. She had a special attachment to it, but her husband had died, and I think one of her children had been killed on the farm.

Her son was running the farm and was more or less in charge economically, and it was just not what he wanted to do, it was not making the profit that he felt it should.

He had converted, starting in 1964, some of the prune trees into vineyards, and then it continued with more planting in '66 and some more in '68. Most of the conversions had been to premium

varietals, which was what I wanted to get into, so I thought this was a good way to get started. There was Cabernet [Sauvignon], Chardonnay, Pinot Noir; and those varieties seemed to be the ones that had the best future.

So we bought out the Wallaces, but one of the requirements was that the Wallace home itself, which is a small home in one of the vineyards, was available to us, but the principal residence on the property, which was where Mrs. Wallace lived--he insisted that she have a lifetime tenancy on that property as part of the contract of buying the place.

I agreed to that because I thought perhaps we could use the smaller home for our summer accommodation for the children. But as it turns out, it was going to be necessary to use that home to find a good vineyard manager. In order to entice a good vineyard manager, I had to offer him a place to live. So we set that home aside for the vineyard manager to use.

For many, many years, my wife was frustrated that we had started out in this business to find a summer home, but instead we were going up there and spending weekends in motels while operating a vineyard business. [laughter]

Hicke: Can you tell me how much the acreage was: how many acres and what price you paid for it?

Woods: Well, there were several different vineyard locations--I think a total of four--and the total acreage was just about 100 acres. The price per vineyard-acre-- Let's see, the price was \$1,800 an acre.

Hicke: That's planted?

Woods: And that's planted. Well, not all of it was planted; we planted some. There is a nursery on the property, and some of the land is in homes. There were three homes on the property.

Hicke: And that was part of it?

Woods: The purchase price was \$180,000, as I recall. There were approximately a hundred acres all total with three homes. Vineyards were on most of the property, and then the nursery and the little orchard properties that were left, we converted to vineyards ultimately.

Hicke: It was prunes?

Woods: Prunes, yes.

Anyway, that's how we started out. Meanwhile, as I mentioned before, the investors in the Breckenridge project were interested in expanding, so I began to look at other properties for them. Some properties came up in Alexander Valley. They were owned by the River Oaks Vineyards Company.

Hicke: That was selling the vineyard?

Woods: Yes. I can't remember the name of the two families that were involved, but their company was called River Oaks. They had a large area of land right at the corner of Alexander Valley Road and what is the extension of Lytton Springs Road, right at the entrance to what is presently our River Oaks dormitory and farmyard, across the street from the Jordan Winery entrance.

But anyway, that was the property area that we purchased from River Oaks. Then, subsequently, we expanded in that area, bought other property, and then bought some property on the east side of the river, bringing the total in Alexander Valley to perhaps five hundred acres.

Hicke: Bob Young's vineyards are farther north?

Woods: Yes, north and east. The acreage that we bought was largely on the west side of the river, but there was some acreage on the east side, which we subsequently decided to sell or trade. Ultimately, we wound up with all of our acreage on the west side of the Russian River and to the north of Alexander Valley Road before you get to the Jintown Bridge.

The acreage that we bought in Alexander Valley was all orchard, and primarily prune orchard, although there were some pears on some of the properties. One of the most exciting days, I think--one of the days that sort of stands out in the minds of my family--was in March of 1972. We had, more or less, the groundbreaking of the first vineyards that we planted in Alexander Valley. We decided that all these beautiful trees were in blossom, the mustard grass was a beautiful golden carpet throughout the orchards, and that we would have a huge party in the orchard the week before we started bulldozing the trees down.

So we had a party with, I think, about 300 family, people, and friends from San Francisco and their children, their families.

Several of the kids got lost in the mustard grass because they were too small to be seen. [laughter] A couple of them wandered down to the river and we had to launch search parties to find them--because these are city folks. [laughter] Crazy Frank Woods

was getting involved in the agricultural business, and they wanted to find out what I was doing.

But it was a wonderful party because, as you know, there are a couple of days when the blossoms hit their peak, and we happened to get there on a Saturday when they were right at their peak. We still have movies of that party that people look at all the time, because all of us had small children at that time, and it was really sort of a breakaway moment as far as San Franciscans were concerned with regard to the wine country.

Hicke: These were partners in the property?

Woods: No, these were just non-investor friends, but all San Francisco, Marin, Peninsula, East Bay people that had never--many of them had probably never been to wine country until that particular weekend.

It was fun. It was the kickoff. And the pressure at that point was "How can you knock down these beautiful trees? Why are you going to take these beautiful trees out and put in ugly vines?" So I had to live with that for several years before they finally realized that there was some purpose in all of that.

Hicke: Let me back up here. When you were looking at vineyards, what were your decisions based on? Did you check the soil, the climate, the grape varieties?

Woods: Basically, we looked at, first of all, the location within the particular appellations. In those days, of course, appellations were nonexistent in California. But we had determined that the climates of Dry Creek were totally different from the climates that we saw in Alexander Valley, so we felt that we could diversify our varietal plantings and the type of wine that could be produced. In those days we weren't even thinking about wine as much as we were the marketability of the grapes. There were at least two different climate zones in Alexander Valley and Dry Creek, if not more.

So, having determined that the two areas--west side, Dry Creek, and the west side of Russian River in Alexander Valley--had two different climate zones, then we started looking at the soils.

We knew that there were some problems if you get the wrong soil in that area. You can get boron and clay problems. There were some areas where they have bad groundwater. But the soil tests that we ran with professional determined that we had the proper soils. Basically we were looking for sandy or gravelly loam type soils, trying to get away from the adobe clays.

But, even so, you can say all of that is good in a perfect world, but when you're buying a piece of property, you can't separate that and say, "Well, I don't want that because it has clay soil. I'll take this because it has loamy soil." You're negotiating for the entire parcel.

Hicke: And it can vary enormously, I understand, in a very small--

Woods: Exactly. We just wanted to make sure that the great majority of what we were buying fit the profile of growing premium wine grapes.

Hicke: Did you enlist the county extension office or a private soil--?

Woods: We worked with the county extension office, but all of our technical data came from private sources. The backhoe drillings and the soil samples and the analysis were all done under private contractors.

Vineyard Managers

Woods: It was about that time that I hired Jim Lighter and Mike Rohan, who, as I say, I think were working with Charlie Crocker in his company. They were consultants, and Mike became the principal consultant on the plantings in Alexander Valley.

Hicke: What varieties to plant? Or where to get those seedlings?

Woods: I think he was our vineyard consultant for all aspects.

We had, within our operations, three Cornellians who had gotten involved in the Breckenridge project: Tom Reed, Dennis Malone, and myself. Dennis had always had a strong interest in agriculture. He had gone to law school and basically was working as the company lawyer in Breckenridge, but he had forever harbored an interest in becoming a farmer. So when we started investing in all of this acreage, he asked if he could run the vineyard operation. Both Tom and I had other interests, and we felt that this was ideal. If he wanted to do it full time, he would be the man to put in charge of the planting and the design of it. So Mike Rohan and Dennis Malone took over the operation in the Alexander Valley.

Dry Creek was always separately owned by myself and my wife.

The Alexander Valley property ultimately became the River Oaks Vineyards Corporation, and all the vineyards that we subsequently acquired eventually went into that entity. However, in those days there were great tax advantages to planting, to tearing out orchards and planting vineyards and using the expense of the development of the vineyard against other ordinary income. So we established both limited partnerships and subchapter S corporations for each vineyard that we acquired and brought the investors in on a tax shelter basis.

Hicke: Pretty much the same people, though, in all of them?

Woods: Yes.

Hicke: You didn't actually tell me who you got to manage your vineyards in the Dry Creek Valley.

Woods: Well, in the beginning, Wallace was still there for a transition period. But it's really funny: I was looking for a vineyard manager and had not really gotten into the search in a serious way, but I just knew--and this was in 1973--that I was going to need a full-time vineyard manager for the Dry Creek property. It may have been the end of 1972.

In any case, I had attended some meetings in Sonoma, and many, many years ago, Kay and I--back when we were courting--had gone to Juanita's in Sausalito. We were sailors, and we had been on a long sailboat race and came back in about two a.m., and we went to Juanita's, which was a coffee shop that opened early for fishermen and then closed about noontime, after the fishing fleet had gone out. So we went in, and Juanita is this big, huge woman who runs the kitchen with a meat cleaver in her hands at all times, and nobody would dare rattle with Juanita. [laughter]

Hicke: No matter what time of day.

Woods: No matter what time of day, no matter what. She had been closed down by the Internal Revenue Service several times for lack of-- She just couldn't quite keep up with paying her withholding tax to the government. She would withhold it from her employees, but she never got around to sending the check in to the government--or so it was said.

In any case, she had had several locations, and she wound up with a place in Boyes Hot Springs, outside of Sonoma. So I thought I'd go back over and just see how Juanita was, since she had been a part of my past. We were sitting around the table-- She still had the meat cleaver in her hand, and she was running this big kitchen there. It's marvelous food. I mean, she gave

you a lot. When you ordered a roast beef dinner, the roast beef covered the table almost, it was such a huge slice. It was a lot of food for a very modest price, and well done, well prepared, but you had to put up with all of Juanita's loud-talking, boisterous behavior and limited tolerance for anything that didn't please her. In any case, I always enjoyed Juanita, and we got along together.

We were sitting there, and she joined me for dinner this particular night, and I told her that I was looking for a vineyard manager.

She said, "Well, would you be willing to take a chance on someone who I think has one of the strongest work ethics of anyone that I know in this area of Sonoma County but has had some difficult family situations and has never really completed his education? He's not a college-trained person, but he just is very bright, has a lot of common sense, and just is an innately intelligent person. And he can fix anything. He has a great mechanical sense. He comes in and fixes all of my jukeboxes and pinball machines."

Hicke: And the meat cleaver, if it breaks down. [laughter]

Woods: Yes, the meat cleaver. So I said, "Yes." She said, "He's presently working off and on up at Carter Thatcher's ranch for"-- Oh, Carter Thatcher's vineyard manager later went on to become vineyard manager at Ferrari-Carano. I think he is married into the Gundlach Bundschu family. Barney Fernandez. Barney was the vineyard manager of the Thatcher vineyard operations up in the hills on the east side of Highway 12, up in--is it called the Mayacamas Mountains? It's up in the Sonoma side of those mountains.

So I went up and met him up at Thatcher's place. I think I called Barney and talked to him about it, and everything I got was "This fellow is just terrific." But when I talked to him, though, he made it clear that he wasn't going to commute all the way from Sonoma to Healdsburg; he had to have a place to live. He felt he could take over a vineyard, but needed a home for him and his wife. She was a college graduate and an artist and a very articulate person. We had a lot of conversations with her. I finally decided that this would be the right mix for me. His name was Tom Hobart. So I hired Tom. The first employee that I hired in any of this operation was Tom Hobart.

Hicke: And that's how you lost your summer home?

Woods: Right, [laughter] they took over my wife's potential summer home. Tom moved in and began to run the Dry Creek vineyards.

Meanwhile, the Alexander Valley operation was going along separately. I was president of the River Oaks operation, but that was basically a vehicle where we were raising money to invest and buy vineyards.

Winemaking Startup: An Unusual Story

Woods: I had this Dry Creek operation where our contract--which was a long-term contract--was with Sonoma Vineyards and Rod Strong. Rod had always liked this particular property and had always been very much involved. I think he had even, back before we bought it, he had been buying grapes from the Wallaces for Sonoma Vineyards. He signed a contract with us, which was a very, very good contract for us in that it was based upon the highest prices--and the reporting services were available even then as to what prices were being paid for grapes by wineries through the Grape Reporting Service of California. So we established that the prices of the grapes from this vineyard would be on a formula which gave us a bonus over the top prices that were paid for these grapes in Sonoma County. So it was a very good contract for us. In those days, they didn't have any of these rules that now would prevent you from tying your contract directly to the market price, because obviously it could throw the whole pricing mechanism into a tailspin.

Hicke: Was it a three-year contract?

Woods: No, it was a ten-year contract.

Hicke: Oh, that's pretty long.

Woods: It was a long-term contract: eight to ten years. We operated under that contract for several years, and then in 1974--

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Woods: In 1974, it was toward the end of the summer--July and August--Rod called me and said, "Frank, I've got some bad news. I am in real financial difficulties here at Sonoma Vineyards, and I think we've got a good personal relationship, so I have to tell you, and I want to tell you up front in case you want to do anything, that I am not going to be able to honor your contract this year. I can't pay you for the grapes."

This was too late to turn around and sell to anybody else, especially because the market was rather soft in '74 with not a lot of demand out there for grapes.

Hicke: Before the crash?

Woods: Yes, this was at least thirty to sixty days before the crash.

Hicke: Yes, that was a bad year.

Woods: So we talked about who might be interested in taking the grapes off my hands.

He said, "I realize that I had a financial obligation to you on these grapes, and what I'm willing to do, if you're willing to go along with it, is if you will let me out of the contract, I will take those grapes in, crush them, and make them into wine and store them for a year until you find a home for the wine--if you will let me out without any litigation on the contract. Otherwise, we'll see you in court."

You know, there really wasn't much else that he could do, and his stockholders had said, "You cannot pay out anything for grapes this year. You don't have any money." So I said okay.

It was not too bad an idea, because I was going to get the winemaking services and storage of the product, and I felt that I could probably market the wine in bulk and maybe even make more revenue than I would have with just the sale of the grapes.

So he did that, and I started looking around at bulk wine and realized that there was no market for bulk wine at that point. It was just a situation where you would have been lucky to get fifty cents a gallon, I think. The prices were quite low.

Hicke: It was a great oversupply or something?

Woods: It was just a combination of the typical cyclical market conditions of the vineyard conditions in California. It was an up-and-down cycle, and that was one of the down cycles.

Anyway, I decided that it was time to seriously consider going into the wine business myself. I came back and talked to my family and we discussed it. The family was very eager to have me get into the wine business. My wife thought it was a good idea, that we could use my marketing background.

Marketing in the California Wine Industry

Woods: There really wasn't a whole lot of marketing going on in the California wine business in those days. The principal marketer was Robert Mondavi. He was the person who was establishing the California wine scene on a national level in the premium end of the business.

Beaulieu Vineyards had been there. As a matter of fact, my daughter's godmother was Aldo Fabrini's wife. Aldo was, I guess, the general manager for a while at Beaulieu Vineyards and had worked with André Tchelistcheff and had subsequently hired Lee Knowles.

His wife was from Alabama where my wife was from, and their families had known each other. So when we came out and had our first child, she was one of the godparents. We used to spend a lot of time with them socially. When we were looking for places up in Napa, we would see them periodically.

But the real marketing person in the early seventies, in my opinion, and the one I sort of looked to with great admiration, was Robert Mondavi. I felt that the rest of the wineries were largely production facilities and that their idea of sales were to put out the product and wait for the phone to ring and for orders to be placed. They had distributors around the country, and the distributors were in charge of selling, and then they would place the orders. Nobody had any sense of marketing, except for the big, international corporations--the Paul Massons, Almadens, and Gallos. Certainly in the premium end of the business, marketing was in very short supply.

Hicke: Do you think, just as an aside, that Mondavi is at least partly responsible for the fact that Napa Valley became so much more famous than Sonoma, even though the wine business or the winegrowing industry is older in Sonoma County?

Woods: Well, I think Mondavi has a lot to do with that. But Napa was certainly the area that everyone talked about when it came to California wines back in the fifties and long before Robert Mondavi.

Hicke: But why?

Woods: Why? I think because it was an area where people would visit and would be surrounded, as you are in France in the appellation areas, by vineyards and wineries. It just seemed to be an area that was vitalized by the wine industry.

In Sonoma you had dairy farm, you had a vineyard, you had a prune orchard, you had a winery.

Hicke: Hops.

Woods: You had hops. It was just a marvelous agricultural diversification, but it was not wine-oriented.

Hicke: Yes, not a Burgundy of the U.S. where you can drive past all the vineyards and so forth. That's interesting.

Naming the Winery

Woods: In this conversation that I had with my family, we talked about what name, what label, we would use if we went into the business. Of course, I was thinking about things like Woods Vineyard or Vineyard of the Woods. They convinced me that that had no pizzazz to it; it was just a dull sort of name, and that we needed something more unique. That's when, with their knowledge of French, they came up with the name Clos du Bois.

Hicke: Now, who is "they"? Your immediate family? Your wife?

Woods: Yes, my immediate family, my wife and children. This was a family discussion on what would you call it.

My wife and I had gone to France in 1970 and had spent a lot of time in the French wine country with a gentleman called Scadzolla. Monsieur Scadzolla was, in many respects, the Maynard Amerine of France. He was looked upon in every area of French winemaking as a real guru.

Some friends of ours had large Algerian holdings before the problems broke out and then had transferred into the Rhone River Valley and developed wineries and vineyards there. We had visited them, and Monsieur Scadzolla was there, consulting.

They arranged for him to take us on a ten-day tour around France meeting different winemakers and discussing how they made their product, what they considered to be the style of wines that were in the upper end of the market range, how they dealt with oak barrel aging, how they dealt with cropping in the vineyards, and how they looked upon the terroir to describe all of these elements that ultimately produced this wine that had this reputation around the world as being the finest wine.

Monsieur Scadzolla was obviously a Francophile, and I was up front with him, telling him why I was interested, and he was sort of saying, "Well, I like you, but this is maybe a fool's mission."

This story--[laughs] I hope my wife will appreciate this, my telling it at this late date. She is no longer a smoker, thank goodness, but in those days she smoked several packs a day. I was concerned, because I knew that winemakers generally didn't like to have smoking when they were tasting wine.

So I told her, I said, "Now, we're staying at the Place Vendome Hotel in Paris, and on Monday morning, we have a driver and a car that will pick us up for this ten-day trip. We're going to pick up Monsieur Scadzolla at his hotel, and I want you to promise me that when we're in the car you will not smoke, because I know it will offend Monsieur Scadzolla. If you need a cigarette, we will establish a code system. You will say, 'I need to stop, da-dum-da-dum,' and I will tell the driver to stop, we'll get out, we'll take a break, and you can smoke a cigarette, but not in the car."

Well, that was hard for her to accept. She didn't understand why and thought I was being a little bit unreasonable, but agreed

So we got in the car, went over to pick up Monsieur Scadzolla, and he popped in the car. He was a big, huge, bulky man with a rather distorted face, because he was gassed in World War I. His nose was destroyed, and it seemed like he had a lot of difficulty breathing, but he got in the car with a Gallois dangling off the side of his lip. [laughter] And from that moment, for the next ten days, we never saw him without a cigarette in his mouth--except when he was drinking wine.

My wife will never forgive me. She'll never let me forget it, and any time from that point on that I questioned her smoking, she'd always say, "Remember Monsieur Scadzolla?" [laughter] The Gallois man.

But anyway, we did spend time, and I think did have some appreciation of what the French were doing. So that led to the logical assumption that if we made wine, we were going to make it in the direction of the French wines. We were going to try and take what we felt was good from California, but as opposed to doing what had been done in the past, perhaps, we were going to try to move more towards the French, which, in my opinion, in those days, if there was one term which could separate the best French from the best Californian, it was elegance. The best Californians were rich, fruity, robust wines; the best of the French were elegant wines. That was what I was hoping to achieve,

realizing that I couldn't make a French wine in California, but wanting to move toward that spectrum on the scale of being consumer friendly and elegant. Not that the French wines were as consumer friendly; I felt the French wines in their earlier years were too harsh and tannic and difficult. I wanted to bypass that, achieve the elegance, but be able to do it within a few years of the birth of the wine, and not ten or twenty years down the road. But, as we discussed all those things, the suggestion came of, "Why don't you call it 'vineyard of the Woods' in French?" And that is how Clos du Bois came to be named.

Hicke: I never realized it was named after you.

Woods: But that's how the name evolved. I thought, "Well, can Americans pronounce French words?" [laughter] But then I thought, "But this is really important," because as I looked around the labels that were beginning to come up, there were twelve or fifteen labels that had *Napa* in them, there were six to ten labels that had *Mountain* in them; *Stone* was used a lot, *Creek* was used a lot. Then you had the family names, but, to a certain extent, they were all Italian and, therefore, I felt, somewhat confusing: *Pedroncelli* and *Martini*, et cetera. That led to confusion in the recognition of the consumer, which, as I had learned at Procter & Gamble, it's important that you have something that is distinctive in the consumer's mind if you're going to market it as an over-the-counter product.

So I thought, "Clos du Bois. This is very distinctive, and perhaps if I can make a label that is memorable, that seems to tie into the name in some way, it will have a hook that people can remember." So this is how we came up with the name.

Hicke: Were there other wineries with French names?

Woods: Well, soon after that you had Chateau St. Jean and then you had Clos du Val with Bernard Forte.

Hicke: But before that?

Woods: I'm sure there was some winery somewhere that had a French designation.

Hicke: But nothing very well known?

Woods: Is Almaden French?

Hicke: Well, I'm thinking of something like Clos Pegase or something that's really quite French in pronunciation.

Woods: At the time that we selected Clos du Bois, there was nothing of that nature on the market--it was distinctive--but in France there were a lot of clos's, like Clos Vougeot. That was a term that was hundreds of years old.

But to further the family relationship on this setting, not only were we getting the benefit of the children's French teacher and her input through them on the brand name, but they had a young lady, Patricia Lamont, at the school. Both of my daughters were enrolled in the Convent of the Sacred Heart. I was the head of the fundraising program, and she was an artist, but she also served as my assistant in the fundraising project. So I began to talk to her about what I was interested in, and she said, "I'd love to work with you on designing the label."

Designing the Label

Woods: So these are the early explorations that we had on Clos du Bois. I kept looking at the idea of the tying the vineyards which we owned-- And in those days, as you know, most of the wineries were buying grapes from private vineyard owners. Very few--I would say less than 10 percent--of the vineyards were owned by the wineries. So I felt it was important for us to establish this vineyard connection that we had with our label.

So we started out by looking at putting grapes on there and doing things that had different significance. Ultimately, I decided that the Cabernet Sauvignon leaf was so distinctive that it could be made to look like a fleur-de-lis, and at the same time, relate to the vineyard. So we began to work in that connection, and that's how the leaf became our symbol at Clos du Bois. You can see the evolution of the labels from the beginning to now always retaining the leaf.

Hicke: What we're looking at is a scrapbook that has various samples of possible labels.

Woods: Artistic labels.

Hicke: There are different kinds of printing on some of them.

Woods: This particular logo that we selected for Clos du Bois had, we felt, some very distinct qualities. When you tie it in with the fleur-de-lis leaf, it merges as almost a French headline on top of the leaf. I don't remember the name of this particular script that the artist helped design. It may even have been originally

hand-designed by us, but ultimately we perfected it into what-- As you know, later we got into a more sophisticated label like this.

Hicke: But it still has the same leaf.

Woods: The same leaf and the same logo.

Decision to Bottle the 1974 Vintage

Hicke: We've now sort of eased into this winemaking, but I wanted to ask you, when and where did you decide that you were going to make wine instead of just have the vineyards?

Woods: I was first into it when Rod Strong said he wasn't going to pay me for the grapes.

Hicke: Okay, that was the watershed?

Woods: Yes. Here I am with my 1974 crop of grapes that I had intended just to sell to Sonoma Vineyards.

Hicke: So you couldn't sell the grapes, but then you decided also you couldn't sell the wine.

Woods: Well, I couldn't sell it in bulk. There was no bulk market.

Hicke: That's how we come to the--

Selling That First Vintage

Woods: I decided I was just going to have to sell it myself. I realized I had one year to put this together, because at the end of the year I would need to have the wine out of tanks. Rod needed to have those tanks ready for the '75 crop.

So I went out into the marketplace and began to look at what I could sell through my own marketing skills. I did some market surveys and discovered that I could sell, in the Clos du Bois label of the '74 vintage, the three varieties--Pinot Noir, Chardonnay, and Cabernet Sauvignon--that we had crushed at Sonoma Vineyards--about, I estimated, three thousand cases--in the state

of California. I felt that I could do that through my own efforts, but that was about it.

Well, I had a lot more wine than that. So I started looking at other areas, and it was at that point that I started talking to Ernie Van Asperen. I went to Ernie and worked out a contract with Ernie where he bought over a thousand cases of wine with his Ernie's label.

Hicke: This is the restaurant Ernie's?

Woods: No.

Hicke: It's a distributor?

Woods: Ernie Van Asperen owns Round Hill [Cellars]--Ernie and Virginia Van Asperen. [see following page]

Virginia, again, had sort of a family connection. She was a friend of my wife's roommate, Nancy Jeffries, after my wife got out of Bennett College and moved back to Mobile. Nancy was, I think, a college classmate of Virginia Van Asperen. So I had gotten to know Ernie through that connection.

Ernie owned seventy liquor stores in northern California, all called Ernie's. Then, later, he had purchased a vineyard in Napa Valley and put out his own label which he called Rutherford Ranch, I think. Then, subsequently, he decided to go big into the consumer wine business and he developed Round Hill winery.

I worked out a contract with Ernie to sell him approximately a thousand cases at a dollar a bottle for the wines. That was about as much as he felt that he could market under his private label--his Ernie's label.

Then I realized that I still had more to go, so I went to Lud Renick. His mother lived right across the garden path from us on Gough Street here in San Francisco in the first home that Kay and I had when we were married. We had met Lud through his mother.

He had gone down to Pasadena and had opened up one of the best restaurants in southern California called The Chronicle. He had this sort of a logo of the *Chronicle* newspaper on his menu, and he used it as a symbol. But, early on, he also was very big on California wines and he promoted California wines in the Chronicle restaurant better than perhaps anyone else in southern California.

I had heard about this, and I went down to see Lud as a friend and explain to him that I had a huge amount of Chardonnay,

SONOMA
(Dry Creek)



100%
CHARDONNAY

Ernie's

1974

CHARDONNAY

Produced and Bottled by
ERNIE'S WINE CELLARS
Windsor, California
B W 4520
Alcohol 12% by Volume



Medium
Dry

Ernie's

1975

ALEXANDER VALLEY

GEWÜRZ TRAMINER

Bottled by
ERNIE'S WINE CELLARS
Geyserville, California
Alcohol 12% by Volume

Alexander Valley

Gewürztraminer

1975

Round Hill Vineyards



Alcohol 12.0% by volume
Bottled by Round Hill Vineyards, Geyserville, California

Cabernet Sauvignon, and Pinot Noir in bulk, and I wanted to bottle it and market it quickly, because not only did I want to get the cash flow going, but I had this one year time frame where I had to get the wine out. So we put together a deal for a thousand cases of Chardonnay for The Chronicle that they would use over the next three-year period as their house wine.

Hicke: And they have it labeled. They have a label there. [points to scrapbook]

Woods: This is the first restaurant that I know of in California that did their own labeling.

Hicke: Is that right?

Woods: Certainly in this quantity. Later on, subsequently, Ernie and Round Hill went into doing a lot of the private label business, but that was not until the late seventies and early eighties.

With us, Lud bought a thousand cases of Chardonnay from me, again at an average price of about a dollar a bottle.

Hicke: This was 1974?

Woods: It was 1975. Seventy-four was the vintage, '75 is the year that the transaction took place.

I still had a lot of wine on my hands. In those days, there was an outfit in southern California that had twelve stores called Trader Joe's that did almost as much California wine sales as the rest of the southern California retail market put together.

Hicke: Oh, yes. Now a well-known name.

Woods: I discovered them in my marketing survey, and I went to see Joe Columbo--the owner--and then his wine buyer, whose name escapes me right now. We talked about the wine that I had available.

They had been doing some private label work where they were buying odds and ends of European wines and some odds and ends in California, but it was mostly in the hundred-case level. What I offered them was a thousand cases of this, which they would do with an almost handwritten kind of label, but it looked like something that had been done as a backyard type of product. I did a thousand cases for them at this dollar-a-bottle price, and they would put it out on the market at \$1.99 and see what they could do. [see following page]

They said, "Well, maybe 1,000 is too much; let's talk about 500."

I said, "I don't want to do any less than 1,000, because by the time I set up all the label approvals and all the bottling, that's going to be a fairly expensive job, and I need to move the product."

So we agreed on 1,000 cases, and we agreed to have it shipped in September or late summer, even in August. By then, I was down to the last thirty or sixty days of my time frame with Rod Strong.

Well, they sold out the 1,000 cases in two weekends at \$1.99 and called me and said, "Can we get another 3,000 cases?" I happened to have that. [laughter] And I happened to be delighted to give that to them. So we then put together a 3,000-case order for them at the same dollar price. Now I'm getting down to the point that I'm pretty happy.

Hicke: Did you drink the rest of it? [chuckles]

Woods: I still had several thousand gallons left, but I didn't believe that I could sell more than the thousand cases under Clos du Bois label. I wanted to sell Clos du Bois at five dollars a bottle. I put together a business plan for the banks in which I said the maximum that any California premium wine will sell for with maybe one or two exceptions is going to be five dollars a bottle, and that five dollars was sort of the ceiling that I saw, and I wanted to sell at that ceiling. Who knew that there were going to be sixty-dollar and eighty-dollar bottles of wine subsequently?

Hicke: That was pretty high, probably.

Woods: Five dollars was at the upper end of the market. Certainly I think Beaulieu Private Reserve Cabernet Sauvignon was selling for \$4.00 or something like that, maybe \$4.50. At that point I decided that \$5.00 was the goal we would shoot for, and what I wanted to get for this wine was \$2.50 wholesale--\$2.50 at the winery platform. Whatever I did beyond that in terms of brokerage fees or retail markup, et cetera, would take it to the \$5.00 range.

Well, at the same time, I realized that that 3,000 case business plan I had, at five dollars, was not going to use up all the wine, but I wanted to assure myself that I could get rid of that wine in a timely basis.

Trader Joe's
1974

Sonoma County (Dry Creek)
Cabernet Sauvignon

Cellared and Bottled
for
Trader Joe's
by

Western Eleven Vineyards
Rutherford, California

Alcohol 12.3% by volume

UNFILTERED

Trader Joe's
1974

Sonoma County (Dry Creek)
Cabernet Sauvignon

Cellared and Bottled
for
Trader Joe's
by

Western Eleven Vineyards
Rutherford, California

Alcohol 12.5% by volume

This wine was produced from 100% Chardonnay grapes grown on the western slopes of Dry Creek Valley—an ideal microclimate for premium wine grapes near Healdsburg in Sonoma County.

The 1974 crop was ready for picking on September 27th after a superior growing season. The fully-matured 5-year-old vines flourished for ten additional days of perfect weather and by harvest time the grapes averaged 21.7° sugar brix with an exceptional .929% total acid.

After cold-fermentation in stainless steel tanks, and inoculation for malo-lactic fermentation, the wine aged eleven months in new Yugoslavian oak casks. Bottling took place under the direction of The Chronicle Restaurant in November 1975.

We are proud to offer this delightfully clean 1974 vintage wine with its delicate Chardonnay character and fruitiness.

The Chronicle

12/75

1974

SONOMA

CHARDONNAY

BAR & GRILL
The Chronicle
GRANITE AT LAKE PASADENA

Produced & Bottled Expressly for
THE CHRONICLE RESTAURANT by

Chronicle Wine Cellars B.W.4520,Windsor,Calif. Alc.12% by Volume

A Second Label: River Oaks Vineyards

Woods: So I decided to start a second label and call it--because we had purchased the River Oaks operation in Alexander Valley--I decided to call it River Oaks Vineyards. I felt that the name was somewhat lower in profile than Clos du Bois. Clos du Bois had an elegance to it; River Oaks sounded like this was more of an everyday wine, the wine you could buy and put in your refrigerator and have a glass when you came home from work. It was not the wine you put on the table for an elegant dinner party. I was going to sell this at a dollar a bottle wholesale, with the idea that it would get into the retail market at about two dollars. I felt like I could sell a thousand cases or so of River Oaks.

So I went back to the same artist, and we designed the River Oaks label.

Hicke: [looking at scrapbook] That has oaks and a river. Which one of these ended up to be--

Woods: The first one. These were the artistic renderings, and this ultimately became the label. Let's see if I have any in there. We did two different colors on River Oaks. [pause while searching] No, that was a subsequent label. I think that this is about--I would say that was the first, probably.

The '74 had more or less that kind of profile, but the colors were different on every label. I had already decided that with Clos du Bois, as we moved into the more sophisticated labels, that I would color code each variety by putting a different--

Hicke: So the Cabernet is--

Woods: Right. Cabernet was maroon, Riesling was green, Gewürz [Gewürztraminer] was gold. We followed that through with the capsule colors, as well. So there was a color format.

A Successful Marketing Philosophy for Clos du Bois

Increasing the Number of Shelf Facings

Woods: At the same time, I was aware that in the consumer market, the more shelf facings you have, the better chance you have of selling product. So I had decided that I wanted to get as many varietals

out there on the market as we could to have a raft of these colors, sort of a rainbow of color effects, to have a dominant position on any grocer's shelf or any wine shop's shelf that we went in. You would see a section that would catch your eye, and it would be all Clos du Bois.

Hicke: Did they arrange them like that, then? A lot of times they're arranged by varietal.

Woods: No, in those days, Gallo was dominating the retailer and trying to get masses of shelf space, and that was my concept. But even if they broke them up by varietal, which some of the shops were starting to do--especially the wine shops, the grocery stores were not, but the wine shops were breaking them and having Cabernets here and Chardonnays there--but if I had this distinctive label with the different color patterns and it kept popping up in every section they went to, then I felt it would begin to register in the consumer's mind that this is a product that we ought to try. It wouldn't be overlooked. A lot of wineries had just Cabernet or just Chardonnay, and you'd glance at them, and unless somebody recommended it to you, you would not necessarily pick that wine out of the group, but if you kept seeing this consistent pattern of something that looked good to you, looked elegant, even though you had never tried it, you might sample it.

A Variety of Products

Woods: So that was the philosophy behind that--to have many different products out. But, having said that, we went into all sorts of products. We even bought different varieties that we experimented with. I realized that there was a limit to how many really noble varietals you could have: Gewürz and Riesling, Chardonnay and Sauvignon Blanc in the white, Cabernet, Pinot Noir, Merlot in the reds.

I did not want to get into the Zinfandels, because in those days, Zinfandel was not a noted variety, in that it had been bastardized by all of the different producers. There was a Zinfandel that tasted like an aperitif wine, there was a Zinfandel that tasted like a dinner wine, there was a Zinfandel that tasted like a Port wine, there were hearty Zinfandels, medium Zinfandels, light Zinfandels. The word Zinfandel had no character reference in the consumer's mind. These other varieties had more of a character reference, I felt. So those seven varieties were the ones that I decided to concentrate on.

I still didn't like the fact that I had only seven potential facings on the shelf, and I still had some wine left over from that '74 that I wanted to sell. So I made an arrangement with Rod to rent some barrels from him and put the best of the wines--what he and I felt were the best of the Cabernet Sauvignon grapes, the ones that should be aged longest--into those barrels and hold them for another year.

Hicke: Oak barrels.

Woods: In the oak barrels. Then I put that out as a second release Clos du Bois Cabernet. [see following page]

Hicke: That was 1974 second release.

Woods: Yes. It came out indicating, really, that it had been aged for an extra year, but more importantly, it gave me a chance to have two facings on the shelf in the Cabernet section. I had the first release and the second release. This wine sold for--in those days I had moved it up to six dollars a bottle.

Hicke: The second release?

Woods: The second release. Six to seven dollars. It was the same wine, basically, but it had an extra year in oak age.

That, in turn, led me to start working on other varieties. In '74 we had one particular batch that we thought was very, very good that Rod had saved into a smaller stainless steel tank. So we put that in new French oak that I bought, and I just rented the space from him. When I bottled that after three years of storage, I put it out as a Proprietor's Reserve.

Let me see if I have a sample of that label.

Woods: Here's the Proprietor's Reserve. [see page 52b]

Hicke: Oh, that's really nice.

Woods: So I bottled a '74 Proprietor's Reserve with that label. At the same time, I noticed Robert Mondavi was doing some Cabernets that he called "Unfined and Unfiltered."

Hicke: I saw that written on this label.

Woods: So I went to Rod, and what we did with another batch of our '74 wine--this was in '77, but we started this in '74--we put on unfiltered and unfined Cabernet Sauvignon. So now we had in the Cabernet field, we had the regular Cabernet, we had the Second

CLOS DU BOIS Cabernet Sauvignon



Within the County of Sonoma, north of San Francisco, Dry Creek meanders through a gentle valley. Ocean fog, filtering inland over coastal hills, creates an ideal micro-climate for the nurturing of premium wine grapes. On the southwestern slopes of Dry Creek Valley are grown the CLOS DU BOIS Cabernet Sauvignon grapes from which this wine was made.

1974 was an ideal season for ripening late maturing grapes such as Cabernet Sauvignon. Sunny days, typical of the region, brought the sugar brix to an outstanding 23.8°, while the mist-cooled nights balanced out the crop at .860% acid by volume for near-perfect varietal character.

The must was fermented at 75°-80° F. for eight days. After racking the wine off the lees, it was stored in French oak puncheons to enhance the aging process. With a 13.0% alcohol content by volume and 3.4 ph, we decided our second release was ready for bottling in the summer of 1977.

A brilliant, dark purple color delights the eye, while the nose is filled with the complexities of the Cabernet Sauvignon character. The varietal fruit and a vanillic hint of oak is apparent in its full, velvety taste. The wine has a lasting finish and is an excellent accompaniment to robust meals, with an emphasis on beef. Ideally, our Cabernet Sauvignon should be served at a temperature of 70°-75° F. While very drinkable now, both nose and flavor will improve with bottle aging, at least until 1980. It should be cellared in cool storage.

SECOND RELEASE

CLOS DU BOIS



100%

Cabernet Sauvignon

SONOMA COUNTY (DRY CREEK)

CELLARED AND BOTTLED BY WESTERN ELEVEN VINTNERS
GEYSERVILLE, CALIFORNIA • ALCOHOL 13% BY VOLUME

CLOS DU BOIS

Vineyard Locations: Dry Creek and Alexander Valleys, Sonoma County

LIMITED RELEASE

PROPRIETOR'S RESERVE CABERNET SAUVIGNON

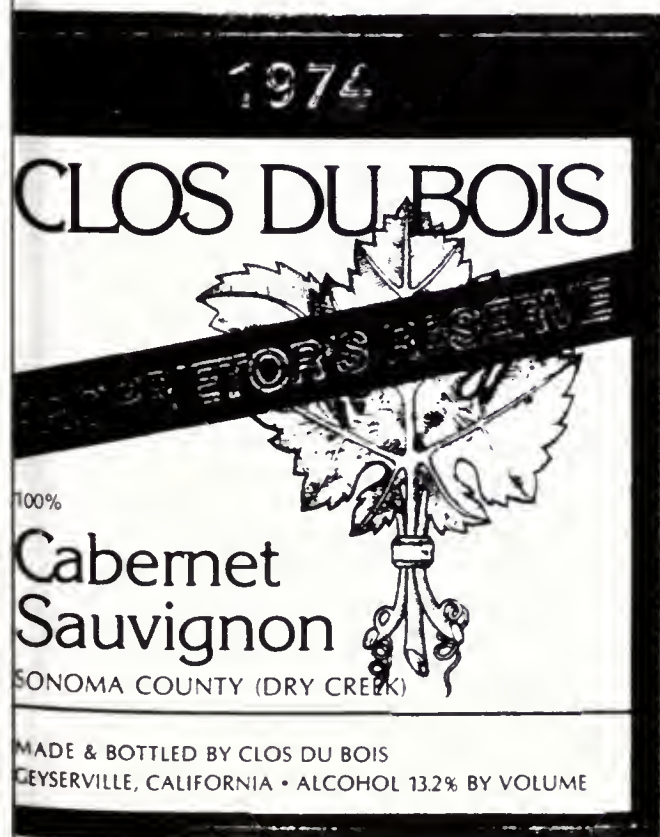
1974



The vintage of 1974 produced the finest Cabernet Sauvignon California has seen since 1970. The CLOS DU BOIS vineyards were no exception. Already our previous Cabernet Sauvignon releases from 1974 have been awarded medals and accolades throughout the world. NOW - we are introducing the "pièce de résistance" - our 1974 PROPRIETOR'S RESERVE.

The grapes were grown in our hillside vineyards overlooking Dry Creek Valley. Production was quite limited - only a little better than one ton per acre. The wine, on the other hand, was huge. In order to bring it under control and smooth out its tannins, we aged it for forty months in French Oak barrels (a combination of Limousin and Nevers). Bottled last year, the wine has been privately tasted against all of the other 1974 Reserve Cabernets and has earned top honors for its rich, complex flavors and its velvet finish. Consequently, we are now releasing only 1,000 cases of the 3,000 cases produced for distribution in very limited quantities to your key retailers and restaurants who are concentrating on fine, premium wines.

Additional information on this outstanding wine is included on the attached back label (which, incidentally, we decided not to use because it detracted from the elegance of our slant-shouldered, punt bottle with gold embossed label and capsule):



1974

PROPRIETOR'S RESERVE

CLOS DU BOIS
Cabernet Sauvignon



The grapes for this special bottling of CLOS DU BOIS Cabernet Sauvignon came from gravelly benchlands on the slopes of Dry Creek Valley in Sonoma County. Located seventy miles north of San Francisco, this valley, with its chalk-laden soils, sunny days and ocean-cooled nights, is an ideal micro-climate for the proper ripening of the late-maturing Cabernet Sauvignon grape.

The legendary 1974 season was virtually perfect for these grapes. They were harvested on October 24 at 23.6° sugar brix and 0.909% acid by volume. After fermenting on the skins for over a week at 70°-80°F., the wine was racked off the lees into French Oak barrels.

In the summer of 1978, the limited quantity of CLOS DU BOIS Proprietor's Reserve (only 3,000 cases) was put into classic French-style punt bottles for further aging. An analysis of this wine at the time of bottling shows the following details:

13.2% alcohol by volume
0.650% total acidity by volume
3.35 pH

The nose of this Cabernet Sauvignon has a mixture of herbal, spicy aromas with the vanilla tones of oak. The taste is reminiscent of ripe loganberries. It has a velvety finish with an impression of the evolving tannins in the aftertaste. CLOS DU BOIS Proprietor's Reserve is scheduled for release in 1979-80. If cellared properly, we believe it will continue to improve with age until at least 1985.

We have found that this wine shows best when we bring it from the cellar 2-4 hours before serving to open and allow it to breathe and to warm up to a room temperature of 70°-75°F. For a unique combination, try this claret as an accompaniment to a fine Cheshire cheese.

t, San Rafael, Cal

Release Cabernet, we had the Unfined and Unfiltered Cabernet, and then we had one that had been technically filtered, but it was not fined, so I put it out as an Unfined Cabernet, and then we had the Proprietor's Reserve Cabernet. To a certain extent we did the same thing with Pinot Noir.

So basically, I had five Cabernet Sauvignons that we put all of our '74 wine in. I didn't expect every store to buy all five, but I had the opportunity to get two or three, where most other wineries in those days just had one Cabernet Sauvignon. I had a chance, being a smaller winery, to have facings to make me look like I was bigger than I really was, and hopefully that had more of a consumer impression on the shoppers in the marketplace.

I think to a certain extent that worked, because certainly, with no advertising, Clos du Bois started and developed rather rapidly at the consumer level. Something had to be clicking on the shelf to make that happen, because in the beginning it couldn't be word of mouth, because nobody had had a chance to try it.

Hicke: Yes, you developed the label very quickly.

Woods: Yes, I think so. Certainly, in those days we felt like it had moved rather quickly.

Hicke: And so that took care of all of that--

Woods: So that's the story of the '74 and how we got into Clos du Bois. All of this was done, really, with Tom Hobart and myself. I did all the marketing aspects, and Tom was sort of my representative with Rod Strong to make sure--I was worried that the wine wouldn't be taken care of properly and just all of the paranoid things that you have when you're not knowledgeable of the business, and I certainly had no technical knowledge of winemaking, although both Tom and I had gone up to Davis and taken some of the extension courses. We were absorbing it as fast as we could without having become enology graduates.

Hicke: Well, you clearly developed a philosophy of winemaking, even if you didn't actually blend it yourself.

Winery on Wheels

Woods: So we were going all over the Napa and Sonoma area, finding places that had extra bottling capacity, extra storage capacity, because

I decided that in 1975, to keep this program going I would not only have to use the Dry Creek grapes, but I also needed to use some of the River Oaks grapes. We were selling the River Oaks grapes. By that time there was a little bit of crop beginning to come in--'75--especially in the Gewürz and the Riesling. So we started to find places that would crush these grapes for us and different places that would bottle them and label them for us, and different places that would rent us oak storage and stainless steel storage. So we had this constant search and probably utilized facilities from a dozen different wineries in Napa and Sonoma.

Hicke: Can you give me an idea of who?

Woods: Chateau St. Jean, Franciscan, Simi, Souverain, Sonoma Vineyards.

Hicke: Well, that's a few good examples. You were all over.

Woods: And so we became known as the winery on wheels, because we had no facilities, we had no place. We had to have, in order to get our license, a bonded press, so we took a little dehydrator there on my property in Dry Creek--a prune dehydrator--and we fixed it up so we could put a lock on the door and brought the BATF [Bureau of Alcohol, Tobacco, and Firearms] inspector out and said this is our bonded wine facility. We kept a couple of barrels of wine in there, but that was it. The rest of it was all scattered around the area, so to speak.

Hicke: Did you have to keep track of all of this?

Woods: Of course.

Hicke: I mean, you, yourself?

Woods: Well, we had an office staff that took care of it.

In those days, we were obviously just selling in California. So Tom was sort of watching after the home front and making sure that all of these things got done on time and that the right labels--or I would get the labels produced, but he would make sure that the right labels got on the right bottles, because different things were called for. It took a real inventory control master. For a winery that was only a few thousand cases in sales, we had fifty or sixty different items in the warehouse that you had to juggle around and play with.

Hicke: He was a lot more than vineyard manager, wasn't he?

Woods: Yes.

Hicke: Did he have a job description?

Woods: No. In those days we didn't know what that meant. We didn't have time to do that. He would just take off one hat and put on another hat.

Then, when Paul Brassat came to work for us, he was the second guy. He sort of assisted Tom in some of the winemaking functions. Later, Paul became winemaker for Fritz and White Oak and now is the head winemaker at Pezzi King.

Anyway, not to get ahead of the story, but we became known, as I said, as the winery on wheels. We finally had to move from the dehydrator to a little bit bigger place to keep all these cases separate, because none of the wineries wanted to keep them. Once the wine had been bottled, they wanted to get it out of there. They didn't want to get it mixed up with their stock. So we had to set up a facility on Mill Street in Healdsburg. We rented a warehouse, and that held us for a couple of years.

Expansion

Woods: Meanwhile, we were continuing to grow. I think in '75 we sold the 3,000 cases that I had predicted, but by '76, '77, we were doubling our sales every year.

Hicke: Did you have a tasting room on Mill Street?

Woods: No. I didn't believe in tasting rooms. One of the really bad marketing decisions that I made in this whole operation was not putting in a tasting room. I resisted it. Tom wanted to do it, but I resisted it because I felt like it would just divert the attentions of our personnel to taking care of the customer when they should be worrying about shipping off the inventory and cleaning out the barrels or whatever.

We decided in--it must have been '76--that Mill Street was too small and that we needed to expand. So we went to the Oppenheimer family in Healdsburg, who had a lot of real estate around there.

They had a warehouse over on Fitch Street, right on the tracks. It was just a tin warehouse that had a lot of space inside where we felt like we could start doing our own bottle storage and stop having to pay rent, and we could set up some case storage and ship out the product from there. About the same time, we were beginning to--

Cinda Crocker's brother was Jerry Campbell, and he had been hired to be a manager of the Sonoma Vintners' Co-op, which was a shipping facility that we built outside of Windsor. I was on the organizing board of directors of that. We really were organized by the Aubry family at Landmark Winery in Windsor.

Hicke: Okay, yes.

Woods: The Aubrys were a father-son team that bought and lived in the house that was there. He came to me and said, "We really ought to do what Napa's doing, which is put together a cooperative warehouse where we could have a truck come in from our distributors and load it up right at one spot so they don't have to go around and pick up ten cases here and fifty cases there." So we organized this under the cooperative rules and built a warehouse which I felt was really quite effective.

Hicke: Where was this?

Woods: It was down in Windsor, right off of [Highway] 101. It's still there. It's right there in that little industrial park on the west side of 101.

We hired Jerry Campbell to run it for us. He was living in Chalk Hill at the time and had a cattle ranch there. Subsequently, he opened up a bed and breakfast up on Canyon Road, right opposite Pedroncelli. It's probably one of the most successful bed and breakfasts in Sonoma County now.

But, again, it's amazing how these family connections keep coming back. I know that if I had been living in the wine country since the days of [Agoston] Haraszthy--a hundred years--that I would have all these family, friends, et cetera. But, instead, coming in as an outsider, to find how many different family connections we had in this business (and as the story goes on, it will continue all across the country) that assisted me in making this project happen-- It became a really interesting insight--at least to me--into how a small business in something like wine--agriculturally related, perhaps--but how there are so many different contacts that are out there that you don't even envision when you start out that will ultimately help you in your progress.

I had a brother who had graduated from Cornell--a younger brother.

Hicke: What's his name?

Woods: Joseph Ross Woods. He had joined Marriott. I guess he worked for Sheraton, initially, and then he joined Marriott and had become

the general manager of the O'Hare Marriott property in Chicago. So when I decided that it was time to move out of California and get into wine, and when our production was up to the point that I could take care of California and I wanted to move out some more, I selected Chicago.

I went to my brother and he said, "Sure, I'll set you up." He set me up with meetings with every distributor in town, and I went out and interviewed them. He helped me select the one that we finally appointed, and then he would call on his fellow hotel managers and have a wine tasting of my wines. He said, "I'm not putting any pressure on anybody. I just want you to see what my brother's doing in California." [laughter] My brother. That helped, and Chicago became a very big market for us.

But it was that kind of family connection that seemed to emerge throughout the development of the Clos du Bois operation.

The Tasting Room--A Successful Marketing Tool

Hicke: I think we left you talking to the Oppenheimers.

Woods: Oh, okay. We decided that it was time to move out of Mill Street and into their warehouse, so we signed a five-year lease on that tin warehouse to move in and get operating, and Tom came back to me and said, "You know, I still think we ought to have a tasting room."

And I'm looking around and seeing the success that Mondavi is having with his, and, you know, hundreds of thousands of people are now going to his place.

So I said, "Okay, we'll have one, but only if we can afford to hire a full-time tasting room manager. I don't want you pulling yourself off of the barrels," or, Barry Johnson who by that time had joined us as sort of the cellar master.

But, in any case, realizing that we were going to have all these beautiful ladies coming in to buy our wine, I didn't want to have all my cellar masters flirting with the customers instead of doing their job. [laughter] I thought it would be a terrible diversion.

Barry Johnson was one of the initial hires that we made that is still there.

So, at any case, I decided that we would partition off one section of this Fitch Mountain operation and put in a tasting room. I thought this was also a bad site, because it's not in downtown Healdsburg, we were just in the industrial area of Healdsburg around the railroad tracks. I thought nobody was going to come here to buy wine, but almost immediately the word went out. It was like a cult. You know, if you really want to go and have fun in a tasting room and taste some really good wines, go to Clos du Bois. I mean, they'll open everything that they've got; the wines are very approachable.

What I discovered, much to my amazement--and therefore I kicked myself for not having done this earlier--is that every person that came into that tasting room, if we had the right personnel--and we did: Tim Shippey was hired and then Deborah Price, who is still managing Clos du Bois's tasting room. They were instrumental in putting together a team of people that serviced the tasting facilities. They had this marvelous ability to make everyone feel at home and feel like they, behind the counter, were the winemakers in charge of the vineyards. They were knowledgeable, helpful, but most of all, friendly and hospitable.

The result was that everybody that came into that room--everybody is an exaggeration--but almost everybody that came into the room left with a proprietary interest in Clos du Bois. When they went back home--be it San Francisco, Los Angeles, or New York, Chicago, or Dallas--whenever they saw Clos du Bois on a menu, whenever they saw Clos du Bois on the shelf, there was something triggered inside of them that said, "That's my winery. I've got to buy that wine. I own a piece of that winery," if not financially, at least emotionally.

So we had a wonderful marketing tool with that tasting room that I had not realized before. It very quickly became a profit center. We were doing over a million dollars a year in that tasting room by the time we sold the winery.

Hicke: What year did you open the tasting room?

Woods: I'd say '77 or '78. It was in the Fitch Mountain facility that we built it. I would say that we probably--with the exception of Souverain, which had a restaurant, had as many, if not more, people through our tasting room as any other Sonoma facility. We know we had, based on our own research, the highest retail sales per visitor. Very few people walked out of that tasting room without some wine in their hand.

Merlot

Hicke: Did you also get or depend on feedback from the people that tasted? I mean, which things they preferred and what they liked?

Woods: Sure. We would test different styles of Merlot when we decided to get into the Merlot business in 1978. A lot of it was based on two things: I liked the way the Merlot grape was growing. It seemed to thrive in Alexander Valley and Dry Creek as compared with some other areas that I had studied where the grapes tended to shatter a great deal. Some years they would have almost no crop because of the late afternoon winds. Merlot seemed to be very delicate in Monterey, for example. But, up where we were, year after year Merlot produced some really good crops, so I decided that that was a good sign for expansion of the variety.

Secondly, I noticed that when we offered winery personnel a chance to go out in the cellar and tap into any keg of wine, take home a bottle of wine, or use a bottle of wine after work, that there were more bottles going out of Merlot than any other variety.

Hicke: That's certainly indicative.

Woods: So we began to test in the tasting room different blends of Cabernet with Merlot and then had some wines that were Merlot with Cabernet. The Merlot with Cabernet was equally as popular as the Cabernet with Merlot, and with no advance knowledge of what Merlot was, but when you sampled them, they came back to the softness of that Merlot-Cabernet combination.

So, suddenly, we launched our first bottling of Merlot as a varietal with 25 percent Cabernet blended in--in those days you had the 75 percent maximum rule--and we put a blue label on it. There was no other label out there in the marketplace then that was blue. For some reason, blue had just not seemed to be a label that people associated with wine. I don't know what was wrong with it. Subsequently, I think it was just tradition. Our blue label just stood out. There was nothing else on the shelf with a blue label.

Hicke: That's amazing.

Woods: That, I think, was one of the things that caused us to take off so fast with Merlot.

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Woods: We began with a couple of thousand cases in '78. By the vintage of '85, we were up to 60,000 cases of Merlot.

I did a lot of research on wineries around the world. Clearly we were the largest Merlot winery in California. Nobody else was anywhere close to us. I think Rutherford Hill was making about 15,000 to 20,000 cases, Martini about 10,000, and there were maybe some others in the 10,000-20,000 range, but no one was even close to 60,000.

In Italy and Eastern Europe, there were Merlot grapes being grown, but it was blended in and didn't emerge as a Merlot varietal. Nowhere in Italy or Eastern Europe where the Merlot grapes were being grown did anyone produce 60,000 cases of a wine called Merlot or even 60,000 cases of a proprietary product that was mostly Merlot. So I could say by 1985-1986, we had become the largest Merlot producers in the world.

Within our own organization, it became a wine that we all became very proud of, because it was a great introductory wine to restaurants. We could bring that wine in, and you could put that wine on any restaurant's wine-by-the-glass program and it would sell twice as much as they expected. They would sell one glass, and people would come back and order several glasses, whereas they would sell a glass of Cabernet and that was it. But Merlot was so consumer friendly, it just encouraged them to come back--if not to drink another glass at that occasion, they would come back into the restaurant and they would automatically order the Merlot.

Hicke: Maybe even a bottle.

Woods: Yes. It started, I think, a trend which is still going on today toward a growing interest in Merlot among the red wine drinkers.

Hicke: Not only the quantity but the quality must have been significant.

Woods: I think we had good quality. Merlots can be made--as Dan Duckhorn knows and Hogue [Cellars] up in Washington--it can be made with a very strong Cabernet Sauvignon characteristic. It can be a real important dinner wine with lots of, not just tannin, but a lot of activity going on in the wine. We elected to have more of a soft, consumer-friendly style--a wine that you could drink and say, "I really like this." It's a smooth, accessible wine, and you came back to it, and you could drink it with anything. You could drink it with fish, you could drink it with salad, and you could drink it with roast beef, but you could also just sip it at the bar if you wanted to.

Hicke: As an aperitif. Well, that is quite a success story.

[tape interruption]

Hicke: We had just left off with the Merlot story.

Description of Tasting Room

Woods: I think from the marketing aspects of Clos du Bois--certainly we were a market-driven company. We, as I said earlier, had defined our presence in the marketplace--or as Rosser Reeves said, our unique selling proposition, the USP of our brand--to be a product that was directly related to the vineyards, that the vineyards dictated the type of wine that we produced, the vineyards dictated the quantity of wine we had available. We had no bricks and mortar to sell, no fancy monuments to bring people to--although, as I subsequently was surprised to learn, you didn't need fancy monuments to bring people to the winery and make them feel at home and part of your own operation. I would say people left Clos du Bois as strongly oriented fans of Clos du Bois as people who went to Sterling [Vineyards] and rode the funicular to the top of the hill and saw this wonderful Mediterranean architecture with the great views. I mean, I love that setting, that winery, that whole operation, but in terms of capturing consumers' loyalty, I don't think they did any better a job than we did at Clos du Bois in a tin shed.

Hicke: Just to capture this contrast, could you describe your tasting room?

Woods: The tasting room was in a galvanized tin building, which was a warehouse which was perhaps 200 feet long by 100 feet wide. We did decide after a point that we needed to have insulation in order to keep refrigeration. In barrels and tanks it didn't seem to matter, but when you started storing case goods in there, we felt that we needed to have a more consistent temperature. So we put insulation in the roof.

I remember I took a group of my friends, some of whom were invested in Napa Valley wineries, into the building in about 1978 to tour the winery and taste wines. One of them came up to me and said, "Do you know"--so-and-so--"who has a winery in Napa?"--who was part of the group. He said, "He walked in here, and he looked up, and he saw this insulation. Some of it had come loose and was hanging down. He saw the metal beams and the corrugated tin walls and the concrete floor and nothing but just this open warehouse, and he said to me, 'Frank will never make it in this business.'" [laughter]

Hicke: Famous last words. And the tasting room was just one end of this warehouse?

Woods: So we took the tasting room and we put in a little sort of barricade that was just a wooden wall, and we put a piece of glass in it. We didn't want the fumes of the winery to be totally pervasive.

We wanted to give the tasting room a little bit of a feeling of warmth, so we put a roof above it and a staircase leading up to it so we could have a place to store chemicals and boxes and stuff--a place for something we wanted to get off of the floor of the winery. It gave us the storage space we needed anyway, and in the space down below, we put a little counter in there and had some boxes of wine behind the counter.

Ultimately, the inspectors came and said, "You can't operate this unless you put in a restroom," so we had to build a restroom, but then we made the door accessible to the warehouse, so that the winery personnel could use the restroom as well. All of that we were going to have to do anyway. Once your profile gets higher and higher, suddenly the government inspections become more and more strict, as we discovered. [laughs]

But the tasting room--it was just that. I mean, it was just a little adjunct to the warehouse. I didn't want to give up much space, because, again, I did not believe that this was going to be profitable. I didn't want to do something which did not have the ability of producing revenues for the company. No one was more amazed at the financial success of that project than I was.

Hicke: That's a good contrast, though, to prove your point. You don't have to have a Mediterranean villa to attract a customer.

Woods: Right. So anyway we had rented this building, and we were proceeding to consume more and more of the grapes.

Three Goals in the Marketing Philosophy

Value of Estate-Grown Grapes

Woods: Oh, I was on the philosophy. That's right--the unique selling proposition from a marketing standpoint that our product was directly related to our vineyards. The fact that, at that point, 100 percent of our grapes were coming from our own vineyards made

us somewhat unique in the business, I think, but it was a uniqueness that we wanted to take advantage of; it was a uniqueness that we wanted to sell to the public. We wanted to try, wherever we opened up markets, to explain that to the managers of the wine shops and to the sommeliers in the restaurants.

Creating Wines That Are Elegant and Accessible

Woods: Secondly, we wanted to create wines that, as I said before, were both elegant and accessible. We didn't want to have any one of our wines--of the seven varieties that we were producing--we didn't want to have any one that was so extreme or so dramatic that some people would love it and some people would hate it. We wanted to make, within the category that we were selling to, we wanted to make it universally admired.

I think the proof of that is that we traveled the country with the Sonoma growers and their wine tastings, at the end of the evening, with fifty or sixty wineries there in the room, I was pleased to have person after person come back and say, "We think that you have the best wine here." And why was that? "Because we tasted"--you're usually allowed to pour four wines--"We tasted all four of your wines, and we love them all. We go to other tables and we love one or two, but we don't love them all. You're the only table here where we can honestly say you don't have a bad wine. We love every one."

You know, that kind of response is what we were trying to get at the consumer level, because we knew that we were not going to be able to compete in an advertising sense with the large wineries. We had to develop uniqueness that could be sold by the person that was hand-selling that wine in the wine shop or the sommelier that was recommending the wine in his restaurant. We had to create a story that he could transmit quickly and believably to the consumer.

Hicke: How did you develop wines that were easily acceptable? I mean, easily loveable by everyone?

Woods: Well, in 1976 when we brought the first true professional winemaker on board--John Hawley--John and Tom and I would sit around and taste wines continuously--both competitors' and our own bottles, our own tanks--and keep revolving until we felt, vis-a-vis the competition, that we had a wine that all three of us liked. John was the professional, Tom was the vineyard expert,

and I was, you know, Mr. Consumer. The three of us had to agree that it was professionally correct from John's standpoint, it represented the flavors of the vineyard from Tom's standpoint, and, from my standpoint, it was easy to love, it was drinkable, you wanted to go back for another sip, there was nothing that turned you off. If the wines didn't meet that category, then we went on to something else. We kept working on it until we got it to that level.

Hicke: How did you develop your palate?

Woods: I think largely through osmosis. I joined the Vintner's Club here in San Francisco; I went to every wine tasting I could; like I said, I went to Davis and tasted with the professors and took classes. I took every opportunity that I could to develop a palate that I felt could recognize a good quality wine. The Vintner's Club is a good example, because we rate twelve wines of a category every Thursday. I was always pleased that I could come very close to ranking the wines the way the group would rank them. I was very seldom off more than one or two places in the way that the wines were ranked. John Hawley was excellent at bringing in samples of wines with different characteristics and finding competitive wines that represented different styles. Tom and I both enjoyed a lot of eclectic wine consumption. It was a labor of love if nothing else. I really enjoyed doing it. I felt like I was never going to be a Monsieur Scadzolla who could tell you what side of the vineyard the wine came from. He was amazing. He would walk into a winery--and they all knew him in France--and they knew that this man's palate was the best in the country. They would give him wines to test. They would give him wines that were labeled incorrectly, and he could tell them how it should have been labeled. But tasters like Monsieur Scadzolla, not only do they have fantastic palates that they have developed for years, but they also have wonderful memories.

Hicke: I was going to say, memory must be a very large part of it.

Woods: I have a good memory, but not like Monsieur Scadzolla. People like Harry Waugh have abilities to hook their tastings onto a memory factor so that they can go back years. The same thing is true of the famous wine auctioneer at Christie's, Michael Broadbent.

Hicke: Oh yes, I've seen him.

Woods: He really had a wonderful palate and a wonderful memory for everything that he had consumed. Anyway, that was just one of the factors that I felt I had to work on.

Hicke: So when you three were tasting, did you keep going until you all agreed on something?

Woods: Generally speaking. I don't think we ever produced something that we didn't agree on. We actually ran into wines that we decided not to bottle, that we would sell off in bulk, because we just couldn't bring that wine to match our standards.

Creating a Market Without Advertising

Woods: Again, just to finish the sales philosophy, the elegance with accessibility was very important, but the third real element was to create a market for this wine without advertising. That is sort of a clumsy way of expressing it, but what I was looking for was the ability to go into a marketplace and make our presence felt without advertising.

I would want to make sure I had enough product to be able to give coverage to that market to the degree that I felt was necessary. I didn't want to spread the product very thinly across the entire state of California or across the entire country. As we grew, I went in markets where we had enough product to make an impact, to make our product significant in that marketplace.

Additionally, in each market I wanted to start with placing our product in restaurants, hotels, and clubs wherever possible, because I felt with the thousands of wines that were available to the consumer and the confusion on their part as to what to buy--if they began to see Clos du Bois on more and more wine lists they would say to themselves, "That sommelier is tasting thousands of wines a year, and he selected these fifty wines on his wine lists. We see Clos du Bois here, we saw Clos du Bois last night, we saw Clos du Bois last month. So that wine must be a consensus winner in the minds of the experts."

At the same time, I decided that we needed to enter as many wine competitions as were available to us, because when you have a gold medal or a silver medal in a wine competition it was broadcast around the wine world, the wine critics, sommeliers, the wine shops. We even put little gold stickers and little silver stickers on the wines after they had won.

It was an interesting philosophy. Everyone said, "Don't enter that. You don't stand a chance of getting the medal in that operation." My attitude was, "Well, I think we do stand a chance."

Our wines were not made to stand up against the Margauxs and the Latours of the world, but in most of the competitions, you don't come up against those kind of wines. In a lot of competitions, the wines that are there are many times not ready to drink. They might be better than us ten years from now, but many of the judges are perhaps not sophisticated enough to recognize the future potential of the wine, so they go with something that is more accessible, and we were accessible. We had the depth of quality that was accessible at an early age in most of the wines that we were making--in fact, I would say in 100 percent of the wines.

Hicke: Also, you can't win a gold medal if you don't enter.

Woods: That's exactly it. If you don't win in a competition, nobody ever hears about it. Nobody goes around saying, "Ha ha! You lost. Your product must be bad." [laughter] What they talk about is the winner.

That's the thing that makes the American wine seem so much better than France. Nobody reads wine articles in France. They think we're silly to have seventy wine writers around the country that produce weekly wine columns, to have wine publications that are doing all this evaluation, *The Wine Spectator*, and *The Wine Enthusiast*. The Europeans think that that is sort of nonsensical. It's like how we might feel if someone put out a daily column and ranked the milk that we were drinking. [laughter] You don't ever do that. Milk drinkers make up their own mind.

I was with some friends in Italy, not too long after we started the winery, and we went to a restaurant in Florence. I asked for the wine list.

He said, "Oh, no, no. We don't need a wine list."

I said, "Why?"

He said, "We're going to order Garibaldi."

I said, "Why?"

He said, "My grandfather ordered Garibaldi, my father ordered Garibaldi. Why should I mess my mouth up tasting anything else?" [laughter] "That's our family. We like red wine. I know we like that wine."

Hicke: [laughing] My father told me so.

Woods: Yes. But that's more of a European habit. As many people will tell you, people in Bordeaux do not drink Burgundy wine, and people in Burgundy know nothing about Bordeaux wine. Americans and English are more egalitarian in their wine preferences than any French or Italian I have ever met.

Hicke: That's really interesting. So you entered--

Woods: Well, back to the competitions, at one point in the early eighties *Wine Spectator* came to me and said, "We were just tallying up the medals, and we discovered that you won more medals last year than any other winery in California. How do you do it?" We talked about it, and I explained the philosophy, and they said, "Well, we'll do a cover story on that." So that's when we had this article that I think sort of kicked us off in the international world. Was it "California's Best-Kept Secret"? I'll have a copy of it here some place. [see appendix]

Hicke: That would be helpful.

Woods: But the picture of me throwing the medals up in the air is one of the most ludicrous scenes I've ever posed for. [laughter] They're all falling down around me, and they had the ribbons and medals up in the air.

Hicke: That's in the article?

Woods: Yes.

Hicke: Good.

Woods: But it was part of the marketing philosophy that we had developed that would then help us establish the reason why that sommelier, that restaurant owner, or that hotel catering purchasing manager should buy our product. He couldn't buy it on the basis of our television advertising or the million-dollar budget that we had behind it. He had to buy it because, first, he liked to drink it.

We always insisted that we never present the product to an account where we didn't get them to sample it. Many times we had to leave the bottle, because they wouldn't sample it until later in the day, but we insisted that the sampling of our product was critical to making the sale.

Along with that, you present the gold medals, you present the idea that another half dozen restaurants that he knows with pretty good wine had put it on their wine lists, and pretty soon you had a group of restaurants, hotels, and clubs in the area that have Clos du Bois. Then these members, these clients, these customers

who are drinking it on those occasions start asking for it at the wine shop, start asking for it at the grocery store.

That made it easier for us to get into the retail shelf against all of the big merchandising companies, the big multi-million-dollar advertising companies. We were able to go in and establish ourselves with the techniques that I described earlier of getting maximum shelf facings. We were one of the first to put in little, hand-written shelf cards that you would put right under the bottle. It looked like the grocer had written about the qualities of this wine. Just anything to bring the consumer's eye to our product: the different colored labels on the brand, the focus on the fleur-de-lis shaped grape leaf on the label--all were designed with the customer and getting his attention in mind.

Hicke: Let me ask you about why you insisted on the tasting if you wanted to sell to a restaurant. What's the reasoning behind that?

Woods: Well, we felt that the key to the success of our restaurant distribution was that when we had that restaurateur taste our wine, we said to him, "Would this be a wine that, when you opened it and served it to your customer tonight, that the customer is going to be pleased with?" Invariably, they had to say yes.

There were a lot of wines that were being offered to them that, if they had the time to put them in their cellar for two to three years, would be sensational wines, but that night they were too young. They were not consumer friendly. Ours were accessible, ours were consumer friendly, and yet we always had a depth of character, a quality within that varietal component, that John Hawley was able to incorporate in those wines that kept us from being just another commercial winery. We had a distinctive quality, but at the same time, we were accessible.

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Woods: Let's see. We were on marketing philosophy.

Hicke: Yes. Did we finish with that? Or is there more to it?

Woods: I think that's pretty generally the way in which we approached the market. There's more that goes on as we get bigger, but I'll get into that, explain it later.

Hicke: Yes, okay.

Woods: This was the philosophy we started with and that I think we finished with. We continued all the way through until the sale to Hiram Walker/Allied Domecq.

River Oaks Label

Hicke: When did you actually develop the River Oaks label?

Woods: At the same time as Clos du Bois.

Hicke: And what were you doing with that? I think you mentioned this somewhat, but may be you could elaborate.

Woods: As we discussed earlier, after I made my marketing survey and determined how much wine I could sell under the Clos du Bois first release label, I decided to set the price of my private label business at less than half the price of the Clos du Bois. My object at that point was not even at a dollar a bottle. I was making more money than I would have made selling the grapes. So I was in a positive profit position.

I wanted to keep the wholesale price of Clos du Bois at that \$2.50 level, but I realized that I was limited in how much I could sell at that price level. So, having seen the success that the product had when it was priced out at wholesale \$1.00 a bottle, retailing at \$1.99, I decided that I could put a product out at that level under another label and not harm the image of Clos du Bois at a restaurant. The worst thing that I could do to the restaurant business would be to put Clos du Bois out at \$1.99 in the marketplace. So I put River Oaks out at \$1.99 in the marketplace and didn't try to place it in restaurants.

Hicke: Now, is there a difference in the vineyards?

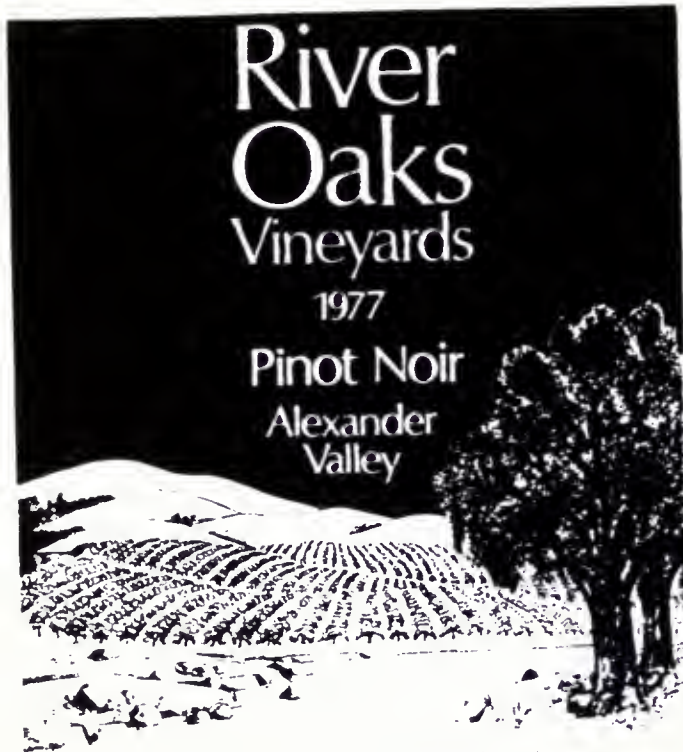
Woods: No.

Hicke: River Oaks was just your Alexander Valley vineyards.

Establishing Layers of Wine

Woods: Eventually, as we continued on in the development of both our vineyards and our marketing, I decided that it was really important for us to establish, not just numbers of facings, but to establish layers of wine.

The Wine Institute had done a lot of consumer surveys on wine consumption, there were some opinion polls that were available that had done some national surveys on wine consumption, other information that I had gathered from various research



River Oaks Vineyards

1977

Pinot Noir
Alexander
Valley

Made and Bottled by River Oaks Vineyards
Geyserville, California • Alcohol 13.0% by volume

River Oaks Vineyards

1977 Pinot Noir

This 100% Pinot Noir wine has a rich varietal character combining the flavor of ripe cherries with the aromas of fresh walnuts. This is an elegant wine which would serve especially well with a rich pork or beef dish. It also is a perfect accompaniment for cheese or zesty salads. We prefer to drink this wine at room temperature (70°-75°F) and, when possible, to open it 1-2 hours before serving.

All of the grapes in this wine came from the River Oaks Vineyards in Alexander Valley, approximately seventy miles north of San Francisco in the County of Sonoma. Here the ocean fog filters in over the coastal hills to create the ideal climate for growing premium wine grapes.



organizations--I put it all together and determined, generally speaking, a third of the population do not drink wine at all, a third of the population drinks wine only on a special occasion--Aunt Sadie's birthday, Christmas--once or twice a year, and then a third of the population will drink as much as a bottle of wine a month or more.

In that last third, there are also some varying degrees of consumption. About 20-25 percent of that third will consume wine on at least a once-a-week basis, and, generally, they tend to consume wine with their meals on a regular basis--I don't mean every night, but two to three to four nights a week, especially when they eat out they will consume wine, and that wound up being around 5-7 percent of the total of the adult population back in the seventies.

So I decided that that's the market that I wanted for Clos du Bois, that's the area that I want to concentrate on, that 5 percent are the consumers that I wanted.

Most of this category are college educated, upscale, upper 10-20 percent income bracket, well-traveled-abroad people, but there is a fraction of that group--maybe 20 percent of that category--who are ethnic wine drinkers. They have come from families where wine is the bread of life--from Italy, from Europe, and from various backgrounds where wine is something that their parents and their grandparents drank. Those people just drink wine like other people drink beer. They leave a jug in their refrigerator, they come home, they pour a glass, some of them drink a glass at lunch, some of them wake up in the morning and start with a glass to get them started--kick started or whatever. Some of them don't just want to buy a five-liter jug and put it in the refrigerator; some of them want to have a little better bottle of wine. They don't care too much about the nuances, but they certainly don't want to pay more than two dollars a bottle at the retail for it. So I feel I've got to have a layer to approach that customer.

Then I've got to have a layer to approach the broader group of these heavy wine consumers. The first group would be every day, the second category is every week--or maybe several times a week. These were maybe willing to spend up to five dollars a bottle.

Then, within that category of the every-week group, there are obviously special occasions when they are willing to go beyond the five dollars a bottle and try something a little better. So I designed a third layer. We had the River Oaks at the bottom, we had the Clos du Bois for the five-dollar, every-week consumer, and for the special occasion we created the Vineyard Designation wines.

I specifically picked five different vineyards that we owned, and I named them. I found names that I felt could be distinctive, with the object that some day those wines would be known by that name, not by Clos du Bois, and certainly not by the varietal.

So we had Marlstone, which was basically a Bordeaux blend. It was largely Cabernet Sauvignon, but it had Merlot, Petit Verdot, Cabernet Franc, Malbec--all five varietals in different blends from vintage to vintage. Sometimes we would have only two, sometimes three, but it was a Bordeaux blend, and always putting the percentages of each varietal on the label. The focus, the big headline, was Clos du Bois and almost equal treatment--in fact, later it became even more prominent--the word Marlstone.

Hicke: Now, is that a single vineyard?

Woods: That was a single vineyard designation: Marlstone Vineyard.

Hicke: And all of these five varieties came from that vineyard?

Woods: Right. And then I had Woodleaf Cabernet Sauvignon, Calcaire Chardonnay, again, picking names that I felt were memorable and had a little bit of connection with the soil of the vineyard. Calcaire is the calcareous soil, Marlstone is the marlstone rocks that you find all over, Woodleaf is sort of a combination of what grows around the area.

Then we had Flintwood Chardonnay. That was sort of a little bit of ego tied in. There's no such thing as Flintwood, but F. W., Frank Woods, and Flintwood--it sort of had a ring to it, and I felt there was a little bit of synergy and that I'd play with it.

Then there was Cherry Hill Pinot Noir.

In the pricing sense, we had a two-dollar level, ultimately going up to seven, for the River Oaks. You had Clos du Bois at the five-dollar level, ultimately going to twelve to fifteen. And we had the Vineyard Designation wine at the seven- to eight-dollar level, ultimately going to eighteen to twenty-five.

Hicke: This is in the eighties now.

Woods: Yes. Then there were still some ones that really, truly, in John Hawley's estimation, were so much better in the barrel than any others, that we decided to have a fourth layer called Reserve that we wouldn't make every year; we would only make it in those years when we really felt we had something particularly special that we could sell, and we would put a price that in those days was considered almost obscene. We put a price of about twelve to

CLOS DU BOIS

1978

MARLSTONE

ALEXANDER VALLEY

54 % Cabernet Sauvignon, 46 % Merlot

MADE & BOTTLED BY CLOS DU BOIS WINERY
HEALDSBURG, CALIFORNIA ALCOHOL 12.8% BY VOLUME

CLOS DU BOIS

1978

MARLSTONE

CABERNET/MERLOT

On the slopes of Sonoma County's beautiful Alexander Valley lies CLOS DU BOIS' Marlstone Vineyard. Its name was derived from the special composition of its rocky soil. There we planted two premium varieties, Merlot and Cabernet Sauvignon, whose roots penetrate deep into the marlstone.

In 1978, after the grapes were harvested at over 23° sugar brix, the wine from each variety was aged separately in oak barrels. Then in the summer of 1981, they were blended for bottling in the following proportions:

54% Cabernet Sauvignon
46% Merlot
12.8% alcohol by volume
0.615% total acidity by volume
3.55 pH

This 1978 Marlstone combines the rich flavors and dark purple hue of the Merlot with the peppery, herbaceous nose of the Cabernet. As the wine matures in the bottle, these varieties will continue to blend with the oak elements into a deep, well-rounded wine with a long, smooth finish and a rich aftertaste. If properly cellared, this 1978 Marlstone will continue to improve until at least 1995.

Marlstone is an excellent accompaniment to a hearty meal of roast beef, rack of lamb, or a fine selection of cheeses. Serve slightly above cellar temperature (65 - 75° F).

fifteen dollars, ultimately going to twenty-five to forty dollars on those Reserve wines. We made a limited quantity, and we sold it so that it really went into the best shops and the best restaurants, et cetera.

Those four layers would be our marketing pyramid, and then we would apply the different varieties to each of those layers.

Sometimes some of the Flintwood Chardonnay would not qualify for the Flintwood label, so we would reduce it down to the Clos du Bois label, and sometimes it wasn't even good enough for that, so we would drop it down to the River Oaks label.

Hicke: It sounds like a huge sorting-out job.

Woods: It was, but it was market-driven. We had the vineyards and what they could produce, but at the same time, there were times we would drop Chardonnay into River Oaks that could have been qualified for Clos du Bois, but we knew what our marketing program was for Clos du Bois, how many cases we could sell, and we just had a bumper crop, so we dropped it down into River Oaks label to sell it. We had flexibility within the pyramid to enable us to consume the grapes that we were growing, and at the same time, develop a product line that could approach a multitude of different consumer groups.

Hicke: It sounds like--and tell me if I'm wrong--it sounds like you would develop an idea for the year of how much of each of these levels you could sell.

Woods: We had a marketing plan for one year, three years, and five years, because, in order to know what grapes to plant or what grapes to secure, we had to know what we were going to be doing five years from now.

Hicke: So then the hard thing would be to fit your grape production and buying into your marketing plan. This was where the flexibility comes in, that you could move things around a little bit?

Woods: Right. Mother Nature doesn't let you predict what her production is going to be. You can take an average over a period of years, but some years you produce a bumper crop that is twice as big as your lean years.

Hicke: Do you think other wineries had this sort of a plan?

Woods: I don't know.

Hicke: Because it sounds pretty unusual to me. I mean, it seems more likely that you would take the grapes that you had and produce and sell from that, but this sounds like a different approach.

Woods: I think it was best expressed when I was the keynote speaker for the Club Managers Association of America in Houston, which is one of the pictures that you had picked out there with the cowboy hat and stuff--

Hicke: Oh good.

Woods: They said in their introductory remarks that of all of the California wineries, with the exception of Robert Mondavi, Clos du Bois was the most represented in the clubs in around America.

It was basically because I went out and found a niche in the clubs' wine list that was not being filled. I also found that 50 percent of all the club managers in America were Cornell Hotel School graduates.

So in the 1978 vintage we had a surplus. Again, you're right to the extent that sometimes you have more grapes than your projections allow for, so you've got to have some flexibility. Well, in 1978 we had more Pinot Noir than our projections showed we could sell at any of these four levels. So with Tom's help, we went back to Cornell, and we gave them--I think it was about 5,000 cases of Pinot Noir, labeled Clos du Bois Cornell Release, and we put a picture of the bell tower that is Cornell's answer to the Campanile on the label. Then all of the revenues--every dollar that was made from the sale of that wine went into a general scholarship fund. So then I took that around to the hotel school graduates that were in business around the country, and they would order that wine and think that, one, they were getting some Clos du Bois experience, but, two, they were doing something good for their alma matter. So we were able to, at the same time, contribute to Cornell's scholarship program. I think it was maybe a quarter of a million dollars that was ultimately raised. I can't remember the exact numbers. But it was a program that was successful from both sides, and it certainly helped us develop.

So within that Cornell audience, I was able to develop a strong club wine list representation. In addition to club managers, there were hotel managers from the hotel school and there were restaurant owners. Dick Bradley ran Victoria Station, and he was a Cornell graduate. He put Clos du Bois in all the Victoria Station restaurants. So we had a lot of help from the Cornell Hotel School connection.

One thing that I learned in my hotel school background is that when you print that wine list, you're investing a lot of money in a very fancy document, and you don't want to be out of stock two months after you get the list printed. You want to print it and have it last for six to twelve months.

So, as a result, I had to make sure that for the number of restaurants, the number of clubs, the number of wine lists that I was on, I had enough product to make sure that those guys did not run out of stock for a reasonable period of time.

That, I think, as much as anything else, enabled us to establish a positive reputation with these accounts. A lot of wineries would sell them a wonderful wine, they would buy it, order their ten cases, and they would go through it faster than they thought, they would come back, and the winery or distributor was out of stock. In fact, they were out of stock for ten months because they didn't have anything until the next vintage was available. Well, the restaurateur didn't need that problem and he didn't understand it. He had been used to dealing with Almaden and Paul Masson and Gallo and others who had unlimited supply, so he didn't understand how to deal with small, premium quality wineries that didn't have a warehouse stocked with unlimited product.

Hicke: That's very interesting. This whole story is fascinating. How are we doing?

Woods: Well, I think I'm just about run out of voice.

Hicke: Yes.

More on California State Personnel Board

[Interview 3: February 13, 1998] ##

Woods: Going back to one of our earlier conversations about my tenure on the State Personnel Board, you had asked about the people that I worked with there, and I've pulled up a list of people who attended my retirement, quote unquote, dinner from the Personnel Board. I will just briefly read them out and tell you what they were as I can recall.

William Gianelli, from Pebble Beach, was a member of the State Personnel Board that I worked with.

Marilyn Hallisey was the former wife of J. Hallisey, who was a big promoter, supporter, and campaign fund raiser for Jerry Brown, and I think was the first appointment that Jerry Brown made. Of course, I'd been appointed by Ronald Reagan.

Brenda Shockley was also a Jerry Brown appointee. She was an African American who was on the State Personnel Board.

Irene Tovar was a Hispanic appointee by Jerry Brown.

Ron Kurtz was the director of the State Personnel Board at the time. He came in and replaced the first director that I worked with, Rich Cammilli. His father was the famous Dolf Cammilli, who was a pitcher in the major league baseball from the Bay Area.

Charles Walter was an assistant director of the State Personnel Board.

Robert Martinez, Laura Aguilera, Edward Boyce, and Henry Harvey are all on this list. They were staff members, but I can't tell you exactly what they were doing.

Dave Leighton and Dwayne Morford were assistant directors, and, along with Dave Tirapelle, were very much involved directly in the activities of preparing the staff reports in the various jurisdictions that we had at the Personnel Board.

Then Walter Vaughn, Lynn Whetstone, and James Walter--Vaughn and Whetstone were staff people, and I can't think of the exact titles.

Then, let's see, Robert Hill and Lillian Rowett--former Personnel Board members that I worked with.

Dr. Robert Wald. He was on the board when I first came on and was very active. He ran a personnel consulting firm in southern California. He was very helpful in some of the compensation and jurisdictional areas that we dealt with on the board.

Then, William McGahey--I think he was just our medical associate there.

Anyway, that will give you some reference to cross over with the report that you're doing for the Personnel Board.

Hicke: Thank you very much for bringing that.

Summary of Winery Startup Objectives

Hicke: Now, back to the wine. You had told me about the evolution of the winery on the first page. I think we are finished with that. I think you also told me about the varietals, at least the ones that you started with. It's been a while since our last meeting, but--

Woods: Well, since it's at the top of your list we can review it. I think that when we got into the business, as I mentioned before, our principal objective was to develop the vineyards themselves, and we were interested in some of the new clones and some of the new premium varietals that were coming out of the research at Davis and other sources.

So, although we had inherited some vineyards in the process, which included varietals that we were not particularly interested in, like Chenin Blanc and Zinfandel, we did use those in the first couple of years. Then, ultimately, we ripped those vineyards out and planted the varieties that we were specifically interested in.

In the whites, we felt that to have a commanding position in whites demanded that you have a Chardonnay, and that the Chardonnay variety was one that was uniquely adaptable to the Sonoma climate and microclimates and soil combinations that we were seeing over there.

Anyway, as I think we discussed before, Sonoma County is somewhat unique compared to Napa in that you have this diversity of soil types, from sandy to clay loams, and all of the various in-between elements, as well as about fourteen different microclimate areas that exist within the county. So if you combine and match the different microclimates with the different soil types, you can come up with situations that may produce the definitive variety that you're interested in.

So we decided that Chardonnay was good in a multitude of these combinations, and that, in addition, we had certain characteristics in our vineyards, especially in Alexander Valley, that were good for Sauvignon Blanc. That was also true in the vineyards over in Dry Creek. We had some interesting Johannesburg Riesling and Gewürztraminer sites that we wanted to plant.

We felt good because, again, that accomplished my marketing objective, which was that although we were a very low-volume house compared to the big international wineries, I wanted to have a multitude of facings--or opportunities for facings--in the retail accounts so that we had impact at the store level.

Early Harvest Riesling

Woods: The reason we were able to do that was by coming up with a product that I thought was somewhat unique. It would be called an Early Harvest Riesling. Later we carried that over into the Gewürztraminer program. And that was picking the grapes when they were fairly low in sugar, in the nineteen to twenty Brix area, but rather high in acid. Then we would leave enough residual sugar in the wine to complement that acid level, keep it from being too astringent--not too astringent, but too sour. Then we would produce that at what was then considered a low alcohol level--in the 10 percent alcohol level--just above what I think the legal floor was.

At one point when we got started, our legislation required us to have a higher alcohol level than we really felt was necessary. It went back to the days when the growers kind of commanded the legislature in California, and they didn't want anyone coming in and more or less diluting the wine by allowing them to have a lower alcohol level.

So we were legally producing the Early Harvest at the 10 percent alcohol range. I found that it had a great following as long as we had a balance between the residual sugar and the higher acids.

Gewürztraminer and Other Rieslings

Woods: Then we had our regular Gewürztraminer and our regular Riesling a little bit higher in alcohol, still with the residual sugar taste. There, you're sort of appealing to what we found in the American market was a certain percentage of those consumers that really wanted to have a bit of sweetness in the wine. And we left some of the carbon dioxide from the fermentation process in the wine, so it had a bit of spritziness to it. The higher acid sort of accentuated that, and you had a nice, pleasing action on the palate with those wines. They made either a nice aperitif wine or a nice wine for spicier foods. In the case of Gewürztraminer, we were very successful in getting it placed in a lot of Chinese restaurants, because it tended to complement the multitude of flavors that you have in a Chinese restaurant, and yet it was sweet enough and with enough spritziness to it that it was able to cut through the various oils, et cetera, in Chinese cooking.

Hicke: Refreshing. Who developed these various blends and came up with the ideas?

Woods: I believe that I probably initiated all of this in terms of the marketing strategy, and then Tom Hobart and John Hawley implemented it at the winery and the vinification level.

We then discovered that there also were those times when we could develop enough botrytis on the grapes that we could create Late Harvest. We didn't try and get into any of the various terms that the Germans use as to the level of sugars, et cetera, we just determined that we could get a distinctive botrytis overlay and a sugar level that would be in the higher ranges, sometimes running up toward the 8 or 9 percent level. We would call it Late Harvest and put it out, largely in half bottles, although we did do a particular vineyard designation on the Gewürz called Alexandria, which was about a 4 percent residual produced in three-quarter liter bottles. That was really one of our initial vineyard designation series.

Hicke: Alexandria is a vineyard?

Woods: Alexandria was just the name that we gave to one of our Gewürz vineyards.

Hicke: When was this ready to drink?

Woods: I think, with the exception of Chardonnay, all of our white wines were designed to be bottled and sold in the first year of the vintage. If it was a 1978, then we expected to sell it out before the '79 harvest started. The exception would be the Late Harvest wines, which, because they didn't come out every year, we released in partial quantities. We didn't want them all to go out at one time; we wanted to have some in the warehouse for those restaurants, et cetera, that wanted to have continuity.

Some of the Chardonnays required more barrel aging than one year. It was only with our barrel-fermented Chardonnay that we released it at the end of the first year. It usually had about six months in oak and six months in stainless steel, then we bottled it and released it. But then some of the other Chardonnays that had more time in oak would take longer.

Then, with the Sauvignon Blanc, we only had two. We had the regular Sauvignon Blanc, and then we had a Reserve Sauvignon Blanc, where we had twice as much wood time as we would have in the regular.

Chardonnay

Woods: In the early days, we anticipated that Chardonnay would be our number one selling varietal, so we concentrated on planting Chardonnay in a multitude of different microclimates and soil types, so we could see where it would do best, and, in some cases, found that we could blend these different types and create a nice, unique flavor. Later on, as the business developed, we also began buying Chardonnay from places like Carneros and other vineyards within Sonoma County, to the point that, at one time before we sold the winery, we were purchasing over 50 percent of the Chardonnay grapes from other growers throughout the Sonoma County area.

I would say that the basic Chardonnay--we started off in '74/'75 with just the standard format. Then in I think, perhaps, the '76 or '77 vintage, John Hawley gave me a lecture on why the French were so pleased with their centuries of barrel-fermented Chardonnay. So beginning in '76 or '77, we started experimenting, thanks to John Hawley, with barrel fermentation. Up until that time, we had used stainless steel fermentation and storage in barrels after the wine had been made. With this experimentation, we put the must in the barrel and applied the yeast to it and fermented it in the barrel itself.

Part of that process--there are so many really unique flavors, but the fermentation in the barrel seemed to pull out both more extractives, as well as allowing the elements in the barrel to precipitate out some of the really harsh, bitter elements that were in the wine and the barrel. Then, after we were finished, we would rack that wine off and put it back into clean barrels and age it for a period of six to nine months.

By 1978, we decided that we would do all of our Chardonnay with barrel fermentation. I decided that even though it was a term that was not particularly well known by the consumer, that I would put "Barrel Fermented" on the front of the label. I would say Barrel Fermented Chardonnay, because I felt that it gave us a distinction over all the other Chardonnays in California, that somehow or another, barrel fermenting, whether you knew what it was or not, you had the feeling that maybe this wine may have been made a little bit different from anything else.

Hicke: Special.

Woods: That it may have been handled in a smaller quantity. It may have been more custom made, more hand delivered, so to speak. So we started that, and it took off. It was a very widely accepted

element, both for ourselves and for our salesmen with the distributors.

Hicke: It probably tasted good, too!

Woods: I think that's true of all the Clos du Bois wines. As I mentioned earlier, every time that we went into a comparative wine tasting, we always were amazed at how many people came back over to our table and said, "We tasted everything in the room, but your wines are the wines where everything we tasted, we liked. The others had certain wines on the table that we really liked, but yours is the only table where everything you had we liked."

I think that was sort of a hallmark for Clos du Bois: making consumer-friendly wines. Hopefully, it was at a value that most people could recognize for comparable quality. But we tried not to have wines that would require your getting used to them, tried not serve wines that required somewhat of a learning period in order to appreciate them.

Cooperage

Hicke: Let me go back to the barrel fermentation for just a minute. What kind of barrels did you use for the fermentation?

Woods: John Hawley was a great experimenter. He loved to research everything that we did, and he did it in depth. We did a lot of different types of barrels, but we found that the French clearly were superior to the American oak, and, within the French oak category, we found there were different qualities from the different forests. So, when we bought our barrels, we would try to specify the wood from specific French forests.

Now, John always had questions about-- No matter how much we specified certain woods, neither one of us was capable, upon receiving a barrel, of being able to look at that wood and say it came from this forest or that forest. We had to take the word of the barrel cooper as to what we had. But, generally speaking, we were satisfied that we were getting a different type of product from these different forests, to the extent that then we would take those components and blend them back into one master blend before we bottled it.

Hicke: And you used all new barrels for the fermentation?

Woods: In the beginning we used all new barrels, but gradually we found that--especially with the Chardonnay--we could use those barrels for two to three years, and then we rotated them into our red wine program.

Once we were far enough along to be sophisticated enough to put this all on the computer, we were able to utilize those barrels for about eight years before we sold them. That's three years in white and five years in red. But at each stage along the way, new oak barrels would be added in, because it was necessary to add that new oak in some proportion to each wine that we had.

So, even in the red, we started with new barrels, but the percentages of older barrels were higher than with the white.

Hicke: This is for aging, now, with the wine.

Woods: This is for aging. With the fermentation process, we would typically try to use largely new barrels in the fermentation process, but because of the volume that we built up to, it became necessary to hold the wine--the Chardonnay wine, or must, rather--in refrigerated conditions until we could cycle the first barrel fermentation group through, and then we would start the second group. I think we would wind up, perhaps, breaking our regular Chardonnay into as many as three batches, because of the load. When you're using a fifty-five gallon barrel, and you're producing sixty, seventy, eighty thousand cases of that wine, it's impractical to try to have enough barrels to do it all at one time. So we were in a constant phasing process to run that barrel fermentation through the number of barrels we had.

Hicke: It sounds like a huge tracking process to keep track of.

Woods: Right. It was. Without the computer, I don't think we would have been able to do it. Skye Berry came along about that time and became our comptroller. He was a fellow of some experience and some years, and he was the oldest member of our team, but he was very helpful in all of these financial controls and administrative details and flow charts. So he was a big help to John and Tom in maintaining this inventory and the processing.

Hicke: Anything more on the varietals?

Woods: Well, that is pretty much it until we get into some of the other marketing strategy aspects that came later. That pretty much takes care of the whites.

Red Wines

Woods: With the reds, we had a little bit of Zinfandel, but those were just inherited grapes; we were phasing those out. We started with Pinot Noir. We had some very successful Pinot Noir, but then we ran into some years in which the weather was very warm, and the Pinot Noir just didn't seem to prosper in Alexander Valley or Dry Creek. So we gradually tended to drop Pinot Noir from the line, although every now and then we would come back into that category. I love Pinot Noir, and I was always disappointed that we didn't do a better job with Pinot Noir on a more consistent basis.

Cabernet Sauvignon was our kingpin. It was the one that we concentrated on and developed. In 1976-77, we began to blend some of our Merlot grapes into the Cabernet and found that it made a much more consumer-friendly wine, one that was drinkable at an earlier age and had more depth and complexity, but at the same time it had a nice delicacy relative to the somewhat harsher Cabernet Sauvignon.

Merlot became a very interesting item for us. There were times when we would let some of the employees pick out a bottle of wine to take home with them for the weekends or to have for a Friday evening celebration or something, and we found that, more and more, the majority of employees were tapping into the Merlot stock. Just taking a straight bottle of Merlot was something that seemed to be more preferable to our employees than Cabernet Sauvignon straight.

So that encouraged us to try, in 1978, to produce a Merlot product that had about 25 percent Cabernet blended in. We did produce a couple of thousand cases, and it was sensational. It just walked right out the door. So the next year we increased it, and it jumped to about eight or nine thousand cases.

By 1982, we were producing over 40,000 cases of Merlot, and to the best of my research, we certainly were the largest Merlot producers in California. I would think the next closest one was about 15,000-20,000 cases. But even going to Italy and other parts of the New World areas, we couldn't find any winery that was producing as many as 40,000 cases of a Merlot label product. So I think we were safe in saying that we were, at that time, the largest Merlot producers in the world.

It really was a sensational product for us, because simultaneously to that, there was a phenomenon developing in the United States which-- As you know, we went through the growth cycle in the seventies with wine, where wines were largely

replacing cocktails. That's why white wine became 85 percent of the California exports to other states, because it was the white wine that people were using to replace the martinis and the other cocktails that they were having before dinner or at a bar. At cocktail parties, you would always see white wine; you'd very seldom see red wine. The red was only consumed by ethnic groups or at dinner tables, when it was appropriate--at restaurants.

Selling Wine by the Glass

Woods: So that phenomenon continued until, oh, perhaps the end of the seventies decade. Then a new phenomenon started to emerge, and that was where bars and restaurants were establishing wine by the glass. That came about, I think, largely because the public was consuming enough quantities of wine that a restaurateur was willing to risk opening a bottle of an evening and assume that he would sell three or four glasses that evening and that he wouldn't have to waste the rest.

Hicke: I think, if they sell two, they retrieve the price of a bottle, but maybe not. [chuckles]

Woods: The formula varies from restaurant to restaurant. They build in a protection, to some extent. But I would say that certainly if they sold four glasses of the five that are in the bottle, they would retrieve their wine list price. So the fifth one was extra money.

But the main thing that they were finding was that they were getting more people to sit at the bar--or at the dinner table--and try wine instead of cocktails. And that was, I think, the big plus for our Merlot program, because it was a chance for a person who had never heard of Merlot before to listen to their sommelier, who said, "If you would like a red wine, one that we would strongly recommend you try, because it's so easy to like and so smooth, is Merlot."

So, especially the women would sample it. They weren't interested in red wine, and many of them were getting tired of just drinking the same old white wine. It got boring, so they wanted to try something different. They would try a Merlot, like it, and then order it for dinner, order it by the bottle.

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Woods: It was the biggest sampling program that we could have wanted, and of course it was being done, not at our expense, but at the expense of the restaurateur.

At that time, we even launched programs. I created a special restaurant package, so to speak, where we would sell a case of fifteen bottles of wine for the price of twelve, and we called it a restaurant case. So the restaurateur would have three extra bottles of wine that he could consider to be free goods that he could then sample legitimately to his customers. So, instead of charging his normal markup at five dollars a glass, he could charge four dollars a glass and still make the same profit, and yet it encouraged more people to sample.

Hicke: Good idea.

Woods: It worked quite well for us. That, I think, got Merlot going.

Labeling Varietals by the Color

Woods: The second thing, which was totally serendipitous, was that I decided with our-- In the beginning, as you know, I created a Clos du Bois brand image that each varietal had a different color on the label and a different color on the capsule. Within the Gewürz we had different gold or bronze tones, the Rieslings were green tones for the different kinds of Rieslings, the Cabernets were a very rich tone of burgundy--which is a strange combination of names--but they were darker tones, whereas Pinot Noir was more reddish-crimson tones, and the Chardonnay was sort of a yellow-orange combination, and the Sauvignon Blanc was more of a silver, grayish-silver combination.

So I said, What are we going to do with Merlot? Well, blue came to mind, but I wanted a rich, royal blue. So I put on a royal blue capsule and got as close to that as I could on the label. [see following page]

That color, up until then, had never been used on wine. For some reason blue is an anathema to the wine business, and because I didn't know better, I just didn't realize that that was supposed to be the kiss of death. Instead, it was a wonderful attraction on the shelf. It was the only shelf item that had royal blue on it. People--especially women--would just walk up to the bottle like they were magnetized and take it off of the shelf because of the color.

Hicke: Is it still true that there are very few, if any, blue labels?

Woods: There are a lot of them. Everybody's come to that now. They want blues.

Hicke: That's what you get for having a good idea.

Woods: Well, but it worked for us to get it established.

So the Merlot became a real trademark, I thought, of Clos du Bois. We did not win a lot of medals with our Merlot, because we didn't make the big Merlots. We won a lot of medals with Clos du Bois, but not with Clos du Bois Merlot. It was just a wine made more for the people than for the wine aficionados. That, I think, was a major element for us.

Profit Margins

Woods: Then, as we developed within the varietal category, the marketing aspects, again, seemed to me to-- I was always concerned about the fact that there was no ability on the part of the winery to establish a higher profit margin on the wines that were in the more limited supply. In every other business that I have been in, when you have a broad-based, mass-marketed item, you establish a lower profit margin than when you have a very limited, handmade, custom derived item; whether it be automobiles, or whether it be consumer-oriented products with Procter & Gamble, you always tend to take the limited supply items and put a higher profit margin on it, because the tendency is that you charge the same amount of overhead to both products, but in reality, the product that is custom made or more limited--you tend to devote more management time to it, you tend to spend more of your fine tuning on that higher quality product. You're proud of it; you want it to be the best.

I decided that we had different qualities within each variety, and that what we needed to do was establish a tier effect so we could increase our profit margins as we got into the higher tiers. So I established what I called our three-tiered marketing program.

At the first tier, we had all of the basic products that were made from each of these varietals.

With the second tier, we went and found out which were our best vineyards, or which vineyards we anticipated would consistently produce the better product year after year, where we

could afford to spend more time, give it better, newer wood aging, longer wood aging, more time in the bottle, et cetera. With those, we established our vineyard designation wines. We selected those particular sites and we gave them names such as Marlstone, the name we had assigned to a vineyard that had the Bordeaux varieties of Cabernet Sauvignon, Cabernet Franc, Merlot. We even had some Malbec planted. There were the Bordeaux varieties in the Marlstone vineyard.

Hicke: Cabernet Franc?

Woods: Yes, Cabernet Franc. Those all came in in later years.

We then had an all-Cabernet vineyard called Briarcrest in Alexander Valley, an all-Cabernet vineyard called Woodleaf in Dry Creek, we had an all-Chardonnay vineyard called Calcare in Alexander Valley, and an all-Chardonnay vineyard called Flintwood in Dry Creek, and an all-Pinot Noir vineyard called Cherry Hill in Dry Creek. Those varieties, along with the Alexandria Gewürztraminer, became our second tier. With those, I tried to establish a profit margin that, after all the identifiable extra costs, would still bring us a substantially greater profit on sale than the regular product.

We thought that our regular products would, perhaps, bring us about, oh, 50 to 55 percent of our gross sales, that the vineyard designation products would bring us about 25 to 35 percent of gross sales, but at a higher profit margin.

Then, for the third level, I felt it was very important to have the finest wines that we could make--not necessarily every year, but in those years where we identified ourselves as having made a product that was superior. We would call those Reserve, and those would be an even higher profit margin than the Vineyard Designation wines. It would represent somewhere in the 5 to 15 percent of the wine, but some years it might be zero. Or maybe you would have a Cabernet, but not a Chardonnay Reserve.

We really tried to use the Reserve with the true intent of the meaning--that it was something special. It got better oak, better treatment. Reserves didn't necessarily have to come from one vineyard. We would select from a barrel here, a barrel there, and we would make it into the Reserve wine.

Hicke: What was the variation in profit margins from the low to the high?

Woods: I'll begin and see if I can come up with some better numbers later. But, in essence, we adopted a formula where, if the grapes, the vinification, the packaging--all of those components

were combined, they would represent 25 percent of our wholesale price. In other words, if we were selling the case for a hundred dollars, we wanted all the elements of cost up through the packaging of the product to come in at about 25 percent. It could be 30 percent on some of the regular wines, but with the Vineyard Designation, we wanted that to come in at between 20 and 22 percent. With the Reserve wines, we wanted it to be in the neighborhood of 15 to 18 percent.

Then, on top of that, you had your administrative costs, your marketing costs, all of your fixed costs, and then you worked toward-- Well, I think I misspoke earlier when I said that-- What I'm talking about is the price that our distributor would ultimately sell it for to the retailer. In other words, if we were going to sell the product out of the winery directly to a customer--not to a retail customer--but say we were going to sell it for a hundred dollars, that meant that the distributor would probably get that product at about seventy dollars a case, and then he would mark it up to a hundred dollars as well, whether you're in New York or Los Angeles. If we sold direct from the winery, we would sell it for a hundred dollars, but we sold it into a three-tier distribution. We had to give the distributor something that enabled them to compete with the winery direct.

Hicke: I see. You did a lot of figuring to work all this out.

Woods: Well, there are always two elements that amaze me in the wine business, outside of the big, sophisticated wineries or some of the companies like Robert Mondavi. When you got into wineries that were below the 100,000 case level, I was always amazed that they had very good winemaking techniques and very good vineyard knowledge, but they didn't know much about marketing, they didn't know much about administrative controls, cost controls, financial controls. In those things--marketing and finance--they were not very sophisticated.

We, in fact, started a company called Computata that Skye Berry ran which offered administrative support for other wineries. It was because we felt like we had done more in Sonoma County than almost any of the other small wineries, and so we were offering that for-profit service to other people.

Hicke: That's one reason why this is such a fascinating story, because it's such a different angle on the business. I mean, I've interviewed wine growers and wine makers, but they don't have the kinds of goals and objectives that you developed, which I think certainly were contributing to the success.

Woods: Fortunately, we were coming in from outside the industry when we started. I mean, we had backgrounds in other businesses.

Hicke: Oh, your experience and knowledge certainly were unique, I would think, for a wine business.

Mary Ann Graf

Woods: You mentioned Mary Ann Graf. Mary Ann was extremely helpful. In fact, Mary Ann was probably one of our strongest early supporters and responsible for our early success with winemaking. She had left Simi [Winery] and started her own consulting business. Her assistant Marty was also very helpful. You may come across the name before I do. She has her own wine label now. Mary Ann and her assistant did all of our quality control analysis through the laboratory. But I remember when Tom Hobart and I decided that we really needed to go beyond our level of knowledge in winemaking [laughs]--which was very minimal and certainly not trained; what we had picked up was mostly by osmosis--we went to Mary Ann, and it was through her recommendation that we found John Hawley.

Hicke: So she was crucial in several ways. But she was kind of legendary, too, at least in Sonoma County.

Woods: Right. She was wonderful to us.

Hicke: How long did she consult for you?

Woods: I guess as long as she was in the consulting business. Marty was the assistant. They may have split up at some point and Marty kept the basic business and we continued with her.

Hicke: Over a long period?

Woods: Yes, it was a long period, many years.

William Bonetti

Woods: Then the second person that I think was responsible for a lot of our early product quality success was William Bonetti.

In the beginning, as I mentioned to you, we were called the Winery on Wheels, because we didn't have a full-blown winery

facility until, really, well into the eighties. But, after Rod Strong took care of our first couple vintages, at different phases, we had the work done at several vineyards: at Chateau St. Jean, at Napa Franciscan. Then, at that time, the growers had taken over [Chateau] Souverain, had purchased it from Pillsbury, who I guess had built it, originally. Anyway, the growers felt that they needed to protect themselves from the marketplace, so-- it was not mandatory in order to become part of the Sonoma Growers, but growers put in a thousand dollars per ton and made an investment to buy Souverain, and then borrowed the rest from the co-op bank. For every thousand dollars you put in, you were able to force a ton of grapes on the winery. So, if you couldn't sell your grapes to some other winery, Souverain had to take it up to a ton per thousand dollars of investment. The result was that in good years Souverain didn't have any grapes; in bad years they were flooded. [laughter]

Hicke: It's not the way you really want it to be.

Woods: Bill Bonetti, who was a wonderful winemaker, was just going crazy trying to keep all this in balance and still make a decent product out of it at that time. So I went to him, and, working with the board of directors, who are growers, we worked out a deal where we could bring a certain number of tons of our best grapes in to Bill, and he would make the wine for Clos du Bois with them for our label and bottle it for us. You would call it, in essence, a private label proposition, but Bonetti was delighted and really worked very hard. I just can't imagine anyone being as willing to produce such high quality wine for somebody else's grapes, which would, in turn, be turned over to somebody else to sell as their product, as William Bonetti did.

In one instance at the Sonoma Fair, we won a whole series of medals--several golds, et cetera. When I went up to accept the gold medal, I said--and I really felt very sincere about this-- "This medal is not just for myself or for the employees of Clos du Bois. A large portion of this medal goes to Bill Bonetti of Souverain because of the quality of workmanship that he put into these wines."

I told everybody that. I didn't want to hide the fact that these wines were being made by other people. It wasn't exactly good for us from a marketing standpoint, but, at the same time, I felt like it was the honorable thing to do. Certainly within the Sonoma community, it was valuable for everybody to realize that Bill Bonetti was the responsible entity there.

It was very disappointing when he left Souverain to go work for Bryce Jones at Sonoma-Cutrer [Vineyards], because he took away

a large portion of our success. Of course, by that time-- We started with Bill before John Hawley, and then, by the time Bill left, John Hawley had joined us, so we were able to replace Bill's talents with John, but if we hadn't have had John come along at that time, I don't know what we would have done.

Vineyard Management

Hicke: There are a lot of things on this outline, some of which we've covered and some you may not want to talk about. So maybe you can pick out the topics you want to discuss.

Woods: I think that the vineyard management aspect is a key element in the success of Clos du Bois, because when we began, we expected to have all of our grapes come from our own vineyards. It was the one thing that we were putting our money into instead of bricks and mortar for the winery--developing the vineyard.

Tom Hobart ran that until it got to be such a big job that we hired Hughes Ryan to run the vineyards under Tom. Hughes Ryan at that time was married to Kathleen Heitz, Joe Heitz's daughter. I guess Kathleen now is running Joe Heitz's Winery.

But we also had, in the early days--I think we've talked about that before--we had a vineyard consultant who later went on to work with the Jordan Winery. He was the general manager of Jordan and then went over to run a winery and vineyard in Dry Creek. I believe his name was Mike Rohen.

He was never an employee, but he was a consultant that helped us lay out the vineyards and select the right soils to plant the different varieties. We felt that the vineyards were where we wanted to be sure that we had the best of all our workers. We hired, very early on, good professional talent to assist us in the vineyard development. I think that a lot of important things we were doing in the vineyards, but, again, it wasn't my particular expertise. I really felt Tom Hobart and Hughes were far more knowledgeable about how to put those things together, and I left it pretty much in their hands.

Of course, also, within the context of our operations, we were separated in the early days by each of the vineyards being a separate subchapter S or limited partnership arrangement. Dennis Malone was the chief factotum in managing those entities for us and did all the financial and all of the other planning connected with that. Subsequently--and I don't know the year--but we

decided to reorganize the property and wound up blending them back together to make it into a corporation. We distributed shares in the corporation to all the different partners that were in the various vineyard entities.

[Looking at outline] We did a lot of experimentation on trellising and canopy management. We didn't do any dry farming versus irrigation testing. I think we were pretty well convinced, right from the beginning, that every vineyard had to be protected by a frost protection system, and as long as you had that, you had the ability to irrigate and incorporate various fertilizers, et cetera, in the system. So we integrated that into virtually every vineyard that we planted--it was the solid set irrigation system.

Hicke: From the looks of things, dry farming in that area isn't possible.

Woods: I think so. It may have been possible, but you have to be up in the hills, where it's just so expensive, if that's what you wanted to do.

Rootstocks: we had a nursery that I bought over in Dry Creek that produced both St. George and AXR1, and those were the rootstocks that we used in those days. We then turned the rootstock over to the nurseries to do the bench grafting for us. We planted mostly bench-grafted vines.

I think that we were very fortunate that during the time that we were growing, we really didn't bump into a lot of disease problems. The phylloxera B had not struck at that time. So, I don't recall diseases being a principal problem. About the most serious thing we had was oak root fungus that struck us at a couple of early planted vineyards. We had to gradually rip that out and fumigate, but, in the big scheme of things, they were not that serious.

Machine harvesting we did early on. Certainly, by the early eighties we were doing some machine harvesting and found it was wonderful for nighttime production. In those vineyards where we had been thoughtful enough to plan ahead for machine harvesting, they were fine, but in some of the others where we had more or less used the older techniques, where we had retained some of the older vines that were there, we found that machine harvesting was devastating to those old vines. So we did not use it across the board.

At the same time, we didn't want to put all of our eggs in the machine harvesting basket. We wanted to try and balance out between the hand harvested and the machine harvested. In the

early days when we were selling grapes to other wineries, there were some wineries that didn't want machine harvested grapes.

Summary of Marketing Strategy

Woods: [reading from list] Marketing and sales.

Hicke: Well, we've talked a lot about that.

Woods: I think we've covered a great deal of this.

Hicke: If there were any changes that came along later in the eighties, maybe.

Woods: Well, I think I said earlier that we designed a marketing strategy in the beginning and followed through, I think, with a great deal of consistency.

One, we talked about the consumer-friendly wines; two, about the diversity of different items in order to give us an ability, not only to get multiple facings at the retail level, but also if we went down the street selling to restaurants, we wanted to make sure that if one restaurant took one of our Chardonnay products, we had a different Chardonnay product we could present to the next restaurant so that they both had Clos du Bois, but they had something different to offer their customers than their competitor. So, having several different items within a single variety proved valuable both at the retail level and at the on-sale level.

The third aspect of our marketing strategy was that we wanted to be very strong in the on-sale business. We wanted the on-sale to dictate the marketing of our product as opposed to the retail level.

Hicke: What's on-sale?

Woods: On-sale is when you sell it through restaurants and hotels, where it's consumed on premise as opposed to taking it home. The unique thing about Clos du Bois was that we felt very strongly that you had to market this product in order to establish it. You couldn't just sit back and wait for the orders to be placed. So, when we went into a market, we would do a tremendously involved and sophisticated survey of distributors to find the right distributor for our product. Then, when I went in and selected that distributor, appointed him, and had our initial sales meeting, I

would spend enough time so that I could work with every single one of their key wine salesmen for at least a day.

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Woods: I would make it a practice with every distributor to work with each of their key wine salesmen for a day before even turning it over to our sales manager for that particular territory.

What I tried to instill in each of these wine salesmen was the fact that, even though Clos du Bois was new to their stable, that even though Clos du Bois was smaller than their breadwinners--the national and international wine companies they were representing--and we certainly were never going to be the guys that were keeping the doors open, there was something very important about Clos du Bois, that we had unique elements that made our product very easy to sell.

People liked to drink our products. Our packaging was very eye-appealing, the pricing was reasonably comfortable--you weren't stretching to the outer limits, except maybe with some of the Reserves--but the basic product was at a price-comfortable level for the retailer and the restaurateur, and because we were vineyard oriented, because we felt our product came from the soil, we had a story to tell that most people can relate to. Most retailers, most restaurateurs have a sympathy with the farmer, have an innate sense of wanting to get back to the soil in some way. We could provide that link through the salesman.

I wanted every salesman--he could represent 300 brands in his book, but I felt that when a salesman gets up in the morning and prepares each day to make his calls, there are only going to be six or seven wines that he is going to be able to sell. He'll take orders for all these others--you know, the guy will say do you have this or that, sure--but there are about seven brands he can sell to each of his accounts, because if you get beyond that, people run out of time and patience. You can't make your pitch.

So, even though we weren't the biggest in his book, even though we weren't his most important, I wanted to make his job so easy that we became one of those seven in that lineup, so that every day, to every customer, he had some reason to mention Clos du Bois. We had a special package that he could sell, or we had a special promotion going on in one of our items, but it was important to me that every salesman have somewhere in the back of his mind a reason to talk to his account about Clos du Bois. That became sort of the theme of our sales strategy in the marketplace.

The result was that, when we went into a market, we said to each of the salesmen, "The first thing we want you to do in your territory"--where they were geographically oriented, and most of the salesmen were at that time--"we want you to go, not to the retailer, but we want you to start with the restaurateur and hotels. Because if you can get Clos du Bois on enough menus here in your territory, people are going to come and see Clos du Bois. They're going to say to themselves, 'My goodness. Here is this product, Clos du Bois. I saw it in the restaurant last night, I saw it in the restaurant two weeks ago. I know that these guys see every wine that comes down the road, they screen their wines, and they do taste testings. These are the experts, and yet they all seem to be picking Clos du Bois. I'm going to get some of that at my retailer.'"

So then they go to the retailer, they request Clos du Bois, the retailer calls you and places an order, and you get the ball rolling at the retail level. And we do all this without advertising, because we're not big enough to advertise, but the restaurateur will do our advertising for us. The placement on his menu will be a significant recommendation.

So that was really the essence of our marketing strategy. I think if you go through and track the record that we achieved, that we probably--and certainly among the premium wines of California--with the exception of Mondavi, I think we would probably have the most representation at the club, restaurant, and hotel level of any winery at the hundred-thousand-case level.

And we went after the best restaurants, too. We weren't just interested in the guys who had only ten or fifteen items on their list; we wanted to go after the guys who considered their list to be the sort of the creme de la creme of the marketplace. That, I think, was very helpful to us in getting the name of Clos du Bois before a lot of consumers that would otherwise have never heard of us.

I mentioned the fact that sales at the winery was something I thought wouldn't be significant. Then I eventually found out what a dummy I was, but that sales at the winery turned out to be very important.

But, I think, again, going back to the distributor sales people, we would always create programs and incentives in the different markets--New York, Atlanta, Dallas--where we would have competitions among the salesmen, and those who won the competition would get a free four- or five-day trip here to California. We would put them up, give them an educational program, and take them through a retail operation, the vineyards, and the winery. Tim

ATLANTA REVELS IN SPRINGTIME

Frank Woods of Clos du Bois receives a certificate of appreciation from Hector Bourg and Frank Stone (left to right). "We concentrate on grapes from Alexander Valley and Dry Creek Valley. I'm happy to see the appellation control coming because it will be so specific and it will help consumers," Woods commented. Clos du Bois wines featured with dinner were 1979 Chardonnay, 1979 Pinot Noir, and 1979 Early Harvest Gewurztraminer.



Shippey and Debbie Price did a lot of the tour guiding and entertaining of these people when they came out here.

So, just like the consumer that went into the retail room, when a salesman left here, he felt that of all of the wineries he represented, Clos du Bois was his favorite; Clos du Bois was the one that he was most warmly connected with.

They would be out here to see three or four wineries, sometimes, and we would get letters back that said, "You know, we learned a lot at these other wineries, we went to the fanciest restaurants in Napa with so-and-so, and we got to meet all of the winemakers we'd been reading about in books, but in none of the other wineries that we visited did we feel as much a part of the family as we did at Clos du Bois. And we have a very warm spot in our hearts for Clos du Bois and the way you treat us, the way you incorporate us in, and the honesty with which you dealt with us. You never told us that everything was perfect; you showed us the flaws, you showed us the vines that didn't do well, you showed us the places where you planted in clay soil and the roots didn't grow through, and you showed us some of the times where you had a faulty barrel and it leaked, and all those things. At the same time, you showed us how much you cared about making the wine and how important it was to you to have the finest quality that you could make and use the value of growing those grapes all the way through to the end consumer to make that quality consistent and appealing." So, we created, I believe, in the minds of these distributor salesmen a feeling that far beyond the volume that we represented for their particular area, they were interested in our success, because our success pleased them a great deal.

Hicke: Anything else to say about public relations?

Woods: I think that one of the key events that was created in terms of a public relations move occurred in the mid-eighties. It was a concept I had come up with, but it was implemented by Margaret Harding, who was our public relations director.

What we did was to go into a marketplace like Miami, and we would hold a competition for the top restaurants in the area to produce a dish that could be made with Clos du Bois Merlot, or in Indianapolis we did it with Clos du Bois Chardonnay. Then we would have a big competition with a lot of the wine and food writers there, and it was a big deal. We had a big weekend, and the winner would receive a week-long trip to California. We would wine and dine them and give them all the bells and whistles.

Then we took each of those restaurant recipes, which were perhaps as many as twenty to thirty in a given market, and we

would publish them in a booklet which we distributed throughout the country to all of our distributors to pass out to all of their customers. If you bought a bottle of Clos du Bois, you could have this restaurant recipe book for the Merlot wine or the Chardonnay wine. They were designed so that they could be torn out and put inside a recipe box, if you didn't want to keep them in the book itself.

Because each one of the recipes had a picture of the chef that had created the dish, it created an interest in our winery on the part of the chefs in the business. So when they were influencing the buying of the wine for their restaurant--many times they were owner/chefs--they would always have a warm spot for Clos du Bois. They loved the publicity that we were giving them around the country. They wanted to see their name and their face in print. That was probably the most successful public relations event that we created.

Hicke: Marvelous. They identified with Clos du Bois.

Woods: Right. I think there was another very significant move. It was a totally different level of activity, because it was small, it was discrete, and yet it was one of the things that I think helped us the most at the retail level. Back in the late seventies, we created a program where in every single one of our varieties, for every single item within that variety, we produced what we called a case card and a shelf card.

The shelf card was one that was designed to stick underneath the bottle on the shelf and hang down. It was handwritten; it looked like the grocer himself or the wine merchant had written out this little sound bite description. If it had won a gold medal or a silver medal, it had that little seal on there.

Then, the case card was a more formal presentation that gave the guy who was stocking the shelf the in-depth information about where the grapes were picked, what their qualities were, how the oak barrels had been used. It was a two- or three-paragraph description of the product which the consumer wouldn't read because they're traveling through a store at too fast a pace, and maybe the clerks would read it and maybe they wouldn't, but it would be there for them if they wanted it. It was at virtually no cost to us; we just stuffed it into every case we made. So when you opened up a case, you had both a shelf card to put on there and a case card to give you the information.

That device got us-- Somehow or another, we became very well known to the retail trade; they became very knowledgeable about Clos du Bois. It may have been a difficult name for them to

pronounce at first, but they learned to pronounce it because they were interested in it, because we seemed to be willing to give them information and help that the other bigger wineries were not giving them. We seemed to be interested in their problems. Their problems--somebody comes up and says, "What is this? What's this [purposely mispronouncing] 'Close du Boys' Chardonnay?" [laughter] They had something to tell them. We'd given them something-- They couldn't remember what the salesman had said; maybe the manager met with the salesman and the wine clerks didn't see him, but they're there at the shelf level where people are asking questions, and they had a little card that gave some information.

Hicke: That shows a very good bedside manner for treating your customers.

Woods: It was important for us to find ways to make Clos du Bois unique in their minds and make them feel comfortable with us and about us. Those were just some of the things that we dealt with.

We traveled a lot. I think at the height of our distribution, we had divided the country into six sales territories, and I had sales managers running each of those six territories. But I was spending about 65 percent of my time on the road. I tried to make it a practice to be in every market once a year--all of our top markets, and certainly the top fifty--and work with as many of the key wine sales people as I could. I felt it was important, because it was not enough just to go in and hold a sales meeting or go in and be involved behind the table at a wine tasting. It was important to get out in the marketplace with the guy who was taking the bullets and help him learn how to deflect those bullets to his advantage. That, I felt, was very significant. So travel was very much a key part of our marketing success. Certainly, every one of our sales managers were out on the road a lot. We didn't spend much time by the telephone waiting for people to call us; we tried to go out and reach out to them.

[Looking at outline again] I think we've covered the colleagues and friends, pretty much.

Hicke: Yes.

Sale of Clos du Bois, 1988

Woods: "Selling Clos du Bois to Hiram Walker." You've already talked to Tom Reed?

Hicke: Well, just informally.

Woods: Oh, okay. Well, it's kind of hard to know where to begin, because it was a very complicated process. Throughout the growth of Clos du Bois, we discovered that it is a highly capital-intensive business, even if you don't have a fancy winery with a lot of bricks and mortar, which we didn't. It's even more capital intensive for those who do. But we started making money at Clos du Bois, I think--in contrast to the famous quote of the guru in Napa Valley who said that--

Hicke: Andre Tchelistcheff?

Woods: Tchelistcheff. He said that if you get into the winery business, you can expect to make your first profit in the tenth year of operation. We were much more fortunate in that we started making an actual profit in the company after the third or fourth vintage year.

But, that didn't mean that we were putting money in the bank, because, in fact, all of our profits, as well as more borrowing, was going into building the inventory for the future. All these vineyard designations, all these reserve items that we came up with, and all those ideas for marketing strategies were extremely costly, because they tied up money, whereas, if you're making widgets, you produce the widgets today and you sell them tomorrow. You try to run an on-time inventory system. You can't do that in fine wines.

Hicke: There's no cash flow, is there?

Woods: So your capital requirements become extreme. We were reaching the point where--certainly myself, and I think Tom, to a certain extent--we felt like for the sake of our families, we had invested as much of our capital in this enterprise as was wise. So we were going to have to stop our growth at what looked like about 200,000 to 250,000 cases.

When you stop growth, it's a problem. We had been growing at such a nice, healthy, handsome rate that all of our distributors--A lot of the excitement that we had built up was the fact that that distributor had a chance to sell more wine, and it was ongoing program. If we plateaued out, we might lose that dynamic in the marketplace, and that could cause us to actually go into a downslide.

I'd seen it happen before with wineries. Spring Mountain: they were very hot in their early years, and then along comes Fountaincrest and all the publicity. But they did not have any

extra product, I guess, to sell at that time, and for whatever reason, suddenly Spring Mountain was no longer the hot item on the shelf that it was before. It just sort of went into a decline until, later, Mike Robbins had to sort of bail out.

We didn't want that to happen. It was apparent that that could very easily have happened to a number of wineries and was happening in some other cases. So we were looking around. We felt that probably the next step was to build a winery, so we could jump from a 200,000 to 250,000 case level up to a half-million or a million case level. To do that was going to require capital in the amounts of twenty to thirty or forty million dollars. That certainly was not money that we were prepared to put into it, and it was money that was not available from borrowing sources, because most of the borrowing services wanted shorter-term funding; they wanted exit strategies where they could see that they could lend you the money and then get it back in one or three or five years, whereas we were looking for money for the long haul--which dictates that you're looking for equity money.

So, we were thinking about finding partners, finding other major investors, and we went out to people like Morgan Grenfeld and other investment banking firms on an international basis, looking for funding. In that process, Hiram Walker, then owned by Allied--subsequently to become Allied-Domecq, headquartered in London--came to us and were somewhat interested in the partnership concept, but, in turn, laid down an offer for the entire corporation that we had to take a look at and say, "If we were honest with ourselves, this is not something that we necessarily want to sell, but the money that they're offering us is so much, that it is unlikely that we would be able to earn that much money or put that much money into our estates in the next couple of decades. And, just from the standpoint of the obligation to our families, we ought to seriously consider this." It was a very handsome offer that they came up with. They knew enough to offer us a price that would tempt us into selling our entire operation.

Hicke: How long did it take you to think this over and figure it out?

Woods: It was a long time. It didn't happen suddenly. Probably all these negotiations involved at least a year's period of time.

Hicke: So you eventually sold it in '88?

Woods: Right.

Hicke: How did you feel about that?

Woods: Mixed emotions. I've often compared it, in a humorous way, to selling one of your children. You feel like you've put enough into the development and the growth of this child, but, at the same time, you realize that for that child to grow into its full personhood, that it needs the financial resources of someone bigger and stronger than you are, and that if in fact Clos du Bois was going to become a million case winery, as it is today, we couldn't do it on our own resources. We had to get the resources of the larger, deeper pockets involved there. And that was significant reason for deciding to make the sale--you either stop where you are and take the chance that decline will set in, or you continue on the marvelous growth pattern that you've established, but with somebody else's money.

Professional Activities

Sonoma County

Hicke: Do you have time to talk about the wine industry in general, and some of the other Sonoma County wineries?

Woods: I'm not sure that I'm the right person to discuss that, because my knowledge is somewhat limited. My own view is that Sonoma County has unique qualities because of the climate and the soils, that it will be able to make fine wine in a more diverse fashion than almost any other area in California.

Hicke: Because of these different microclimates and soils?

Woods: You can make fine wines in other sections in California, but they're limited to certain specific varieties and certain specific characteristics, whereas Sonoma has a broader appeal. It also, because of its cooler climate, has an opportunity to create more in the sense of the higher acid level wines, more of the characteristics that just can't be manufactured--it just has to be grown in the vineyard--than other areas in the world or specifically in California. So I feel that it has unique qualities that are in many ways superior to other regions.

Having said that, and realizing that there are other regions that are going to be superior to Sonoma with regard to specific products, I feel that there is a wonderful opportunity for Sonoma County in the world marketplace, because our wines have those elements that you find in the better winegrowing, the classic winegrowing regions: the coastal influence, the cooler climates,

the cool mornings, the cool evenings, the terrain, the diversity of terrain, the diversity of soil types, some of the same kind of under-layment, (the rocky under-layer) that you find in the Bordeaux and Burgundy regions of the world, as well as the riverside vineyards. All of those things are available in Sonoma County.

I believe that it will never have the kind of focus on wines that places like Napa have, because it has such a diversified agricultural spectrum.

Hicke: That's a very good insight.

Woods: You're always going to be lying in second position when it comes to tour group type activities and to people saying that when they think of California wines, what's the first thing they think of? In the broadest sense, Napa may be that, but when they get more into what wines they want to drink, what wines they want to buy, Sonoma will be right up there.

I think that, from Sonoma's standpoint, it has more room to expand and grow than many of the other North Coastal areas, that over the years, as techniques improve and different elements of investment and preparation of sites makes certain areas that had not been compatible now able to handle wineries, I think you'll see a growing wine industry. Just like the Carneros area. The Carneros area had very few grapes when we started, and look how it is now; vineyards are all over the place--places that people thought would never properly support fine wine. The Russian River Valley is somewhat the same. I think that they've got a lot of room to expand and an eventuality of producing more tonnage than Napa.

##

Woods: Also, I think a marvelous asset that Sonoma has is that there is a built-in support mechanism; that may be available in other areas, I don't know, because this is the one that I'm particularly familiar with. But wineries in Sonoma County want other wineries to succeed; they want to help them. There is a tremendous cooperative effort that goes on within the Sonoma Wineries Association to try and make things good for Sonoma overall. If there is someone who needs help to improve the quality of their product, people in Sonoma want to give that help so that it gives a better impression of Sonoma overall. It's significant that most people feel that if you get a bad Sonoma winery, that reputation will taint all of us. So, wherever we can, we want to try and increase the quality level and help anyone to improve the quality

of their grapes and the wine that they produce. I think that's great.

We had such success early on with a traveling tour of Sonoma wineries, going around to the different marketplaces, doing tastings. And long before other regions were doing it, we were going out on two-week trips covering a dozen markets in the United States every year, picking different markets each year. We went into some of the markets that no one had ever been to for a California wine tasting.

We started with the Public Broadcasting System during the wine tastings, and Linda Johnson was very effective in organizing these trips for the Sonoma Wineries Association. They did a lot for establishing the name of Sonoma around the United States.

When I was president of the Sonoma Wineries Association in the early 1980s, we had been two or three years into an annual wine auction. However, I wanted to do something different to promote Sonoma wines. I wanted to start up a winery academy. We did a lot of research. We never really got it going. I think it's getting closer now, thanks to Linda Johnson's efforts. But I basically felt that there was room for Sonoma to establish itself as an education vehicle for wine consumers, wine retailers, and wine salesmen across the country. My concept was that we find a place where we could actually have classroom activities, and the faculty would be made up of winemakers and vineyard managers in Sonoma County. We would invite people out for a one- or two-week course, they would stay in the local hotels or motels, they would attend classes, go out on field trips, and we would do this throughout the year and create, gradually, a cadre of people around the country who are very knowledgeable about Sonoma, about what we represented, and that educational process would do as much as any other form of advertising for the quality of our products.

Also, I felt that we had to be very careful in our activities. We were always subject to the fact that we were more heterogeneous and that Napa was more homogenous, and therefore there was the problem that we were always going to be second in the impact, because we were diverse whereas Napa was concentrated. I didn't want us to be any more second place by following too closely in their footsteps in things like the auction. The auction was theirs and was building up every year to bigger and bigger pinnacles in Napa, and I didn't think it was wise for us to try and chase that. We weren't going to catch them, and, at the same time, we were just going to be looked at as the Avis of the California wine industry. [laughter]

Hicke: Trying harder.

Woods: Yes. And that wasn't where I thought we should be. So it was my hope that we would take the auction and create a family atmosphere and create a sort of warm--"Let's be happy we're in Sonoma, let's create more fun for the people, the participants, and not worry so much about the money that was brought in, try to do something with the profits that we brought in from it, but not worry so much about the bells and whistles that were there." So that is really my cut on the auction aspect, and I think that over the years, that's probably been the attitude that we've developed, and I don't think that anyone now tries to chase Napa in terms of size or reputation.

Wine Institute

Hicke: What about your Wine Institute activities?

Woods: The biggest things that I think happened in my tenure within the Wine Institute were during the years that I worked up the chairs as an officer and then became chairman the year that we sold. I think '88-'89 was my year. It was the year that President John DeLuca was very ill, and so I really had to spend a great deal of time there, sort of waving the flag for both John and myself.

But, at the same time, over the period of ten years or so that I was active at the Wine Institute, I felt that the international area was an area that I wanted to concentrate on more than any other. I paid attention to the other areas, but I really did not feel as effective in those areas as I did in working in the international.

In 1985, I took over as chairman of the International Committee for the Wine Institute. We were receiving marketing funds from the government on a matching basis. At that time, we were exporting about twenty million dollars a year. And we had perhaps twenty or thirty wineries that were exporting. In ten years, exports had expanded ten-fold, to \$200 million, and over 100 wineries were involved. We built that up to the point that we were expending close to ten million dollars a year in international programs, which were financed half and half by the government and the wineries themselves, concentrating in certain markets like Japan, Canada, England, the Benelux countries [Belgium, Netherlands, and Luxembourg], and the Scandinavian countries. Ultimately we got into Switzerland, Germany, and into France, Hong Kong, Singapore, some of the Southeastern Asian tigers, Korea.

Even after we had sold Clos du Bois, I continued to operate with the international group at the Wine Institute, and ultimately I was the delegate for the various international wine trade groups, for discussions on NAFTA, the dealings with GATT in Geneva. Later I was part of the delegation to the OIV (the Organization for International Viticulturalists). The BATF represents the U.S. and industry members serve as consultants. Our country has one vote amidst the seventy-odd countries that are members. We have an international meeting every year. We went to one in Yalta--I think it was about 1989--and then we were able to bring that OIV conference to San Francisco in 1992. I was chairman of the event and chairman of the week-long program that we put on for over 400 international delegates.

At that time, Ernest Gallo made the keynote speech, in which he said that we needed to develop internationally what we were doing domestically, which was research into the healthy, positive, social aspects of wine. With that, we created a fund. We set it up as part of the OIV, we financed bringing in experts, and we hired a wonderful person in medical research to come in and create an international body on the health and social aspects of wine.

I've continued--this is part of my last year as chairman on that group--but throughout all of that period of time since 1985, we've seen California wine go from almost a nonentity in the international field to where today it is clearly accepted in almost every international venue as a quality wine product. But we don't have total distribution, and there are still some countries who compete with us for the title of best or biggest or whatever, but we still are now an established player. Today our exports have gone from the \$20 million figure, with ten or twenty wineries, up to well over 200 wineries exporting something in the neighborhood of \$500 million.

Hicke: That's really impressive.

Woods: It's a positive aspect, because-- It's interesting that when American consumers go abroad and see California wine, they become much more interested in it when they get home.

Hicke: [laughs] I'm sure that's true.

Family

Hicke: Well, can you take a few minutes and tell me what you're doing right now?

Woods: Well, you know, I'm continuing-- We still have several hundred acres of wine grapes up in Sonoma County.

Hicke: Are you flooded up there?

Woods: I don't think so. I haven't been up in two weeks so I can't say, but nobody is calling with flood reports. We're always going to get water, but this time of year we're not worried about it. It's erosion we worry about. The vines can handle it as long as they dry out before they start to bud.

But, yes, I still have the wine grapes; I'm still involved in that area. As I said, I'm phasing out my international wine activities. I consider myself to have been a sort of a statesman in wine in the international area, since I've sold the winery. I'm in the process now of spending much more time working on the careers of my children and assisting them in developing their entities, business and careerwise.

Hicke: What are they doing?

Woods: I have one that's graduating from the University of Virginia and going into landscape architecture. She will be establishing a reputation and hopefully a career in that field.

Hicke: What is her name?

Woods: Alexis Woods. Then I have a son who is building a hardwood veneer plant in Alabama to produce products for furniture and hardwood flooring. He started this about eighteen months ago, and I'm spending a lot of time with him until he gets his plant operating profitably.

Hicke: His name?

Woods: His name is Montgomery Woods. Then the eldest, Dorine Woods, her career is now as a mother and wife to her husband, who is a lawyer here in town. Her name is Dorine Towle, and she is the mother of my only grandchild, Spencer, who is eighteen months old on February 17th and fortunately is close enough I can see him every day.

Hicke: That's really nice. Did you say she has a career also?

Woods: She's a mother.

Hicke: She's a mother. Well, that is a career, definitely.

Woods: It is. It's a full-time career, I've found. She does a very good job of it.

Hicke: Well, we've covered a lot of territory, and it's really been very informative, very interesting.

Woods: Well, good. I was delighted, and I'm sorry it's taken us so long, but--

Hicke: Oh, that's not-- I'm not sorry about that, from my point of view.

Woods: Any time you want to ask more questions or go into further detail, give me a call.

Hicke: Thanks, Frank.

Woods: Thank you.

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1984

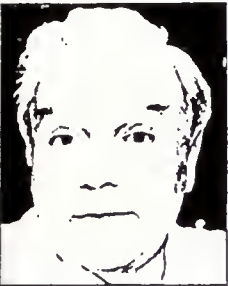
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Vineyard

Alexander Valley
100% Chardonnay

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California's Best Kept Secret



Nothing Sells Like Success

Clos du Bois President Frank Woods Sees What Wine Consumers Want, And Gives It to Them

By Jim Gordon
Healdsburg, Calif.

What do the Pine Mountain fireplace log, the Shell No-Pest Strip and a red wine called Marlstone have in common? Their creator — Frank Woods, president of Clos du Bois winery.

Woods didn't invent the pesticide in the No-Pest Strip, patent the wax-and-wood-chip recipe for Pine Mountain logs or personally plant the Cabernet Sauvignon and Merlot vines in the Marlstone vineyard, but he brought each of these items into the world nevertheless.

He did it by seizing on fresh ideas, forming them into attractive products and then selling them to every drug store, supermarket or restaurant that would listen to his pitch. What Woods does best is get his products to market.

That part of his success with one of California's most consistent and steadily growing wineries is fairly easy to understand. He uses intelligence, planning and lots of personal contact to get people to try his wines.

"He would show up in Tweedle Bridges, Iowa, to pour his wines for eight people from the PTA in a tasting," says Rodney Strong, a winemaking neighbor in Sonoma County who has watched Clos du Bois grow from a vineyard company that made its first 7,000 cases in 1974 to a winery that produced about 200,000 cases from the 1985 harvest.

Clos du Bois was a wine without a winery for several years. When a winery was built here it was a no-frills affair. That left more money for promoting the product.

Marketing may account for why you're starting to see Clos du Bois on shelves and wine lists across the country, but it doesn't explain why Clos du Bois is showered with ribbons and weighed down with medals after each year's major wine competitions. The 1984 Barrel Fermented Chardonnay alone won three gold medals and four other awards last year in nine of the top judgments. Consumers liked it, too, making it Clos du Bois' biggest seller.

Nor does marketing expertise explain why seven out of eight Clos du Bois

At a glance

Clos Du Bois

Healdsburg, Sonoma County, Calif.

Founded: 1976

Owner: River Oaks Agricorp

President: Frank Woods

Winemaker: John Hawley

Vineyard size: 700 acres

Varietals planted: Cabernet Sauvignon, Chardonnay, Pinot Noir, Merlot, Sauvignon Blanc, Riesling, Gewürztraminer

Wines produced: Seven vintage varietals (\$6.50-\$9.50), six vineyard-designated wines (\$11.50-\$16), reserves in best years (\$18-\$21)

1985 production: 200,000 cases

Best known for: Barrel-fermented Chardonnay, single-vineyard wines, Calcare Chardonnay, Marlstone Cabernet-Merlot blend

Second label: River Oaks

Distribution: National, United Kingdom, Canada



Judges have hailed Frank Woods' wines for years, and now their reputation is spreading among consumers

wines reviewed blind by *The Wine Spectator* over the past seven months rated "Very Good" or "Outstanding" on our 100-point scale. The 1981 Marlstone Vineyard Alexander Valley Red (\$15) rated 96, the 1983 Calcare Vineyard Alexander Valley Chardonnay (\$16) rated 94 and the regular 1981 Alexander Valley Cabernet (\$9) got a 91, as did the 1985 Early Harvest Alexander Valley Gewürztraminer (\$7.50).

Creating Winners

Woods and his crew create winners with both white and red varieties, early-drinking wines and collectibles, Gewürztraminer, Pinot Noir, Chardonnay, Cabernet, Riesling, Sauvignon Blanc and Merlot. The disappointing bottles are few and far between.

The products he developed in earlier years with Procter & Gamble and later

with his own company merely had to smell nice, burn brightly or kill bugs dead. Premium wines have stricter demands on them. They must be consistently tasty and worth the premium prices people pay for them.

"That's what built our franchise," says Woods, 53. He grew up in Alabama and attended Cornell University's school of hotel administration, an unusual but handy background for a man who now sells wine to hotels.

"Our reputation is that Clos du Bois produces a very good-value wine. We're not cheap, but everyone realizes they get full value on our wines," he says.

The consistency and quality come from the vineyards, Woods says. Clos du Bois owns about 1,000 acres in Dry Creek Valley and Alexander Valley, making it probably one of the five biggest vineyard companies in Sonoma

County, a group that includes Rodney Strong and Geyser Peak. Seven hundred acres yield grapes.

Woods and his backers bought most of the property before 1974, when it was cheap by today's standards. They paid an average of about \$1,800 an acre for land that would now sell for \$10,000 to \$15,000 if it were available. Very little is.

Six of the individual vineyards lend their names to the wines made from them. Calcare and Flintwood produce Chardonnay. Briarcrest and Woodleaf make Cabernet Sauvignon and Cherry Hill makes Pinot Noir. The Marlstone vineyard produces a red Bordeaux-style blend that started out as Cabernet and Merlot, gained Cabernet Franc with the 1981 vintage and Malbec in the not-yet-released 1983.

The vineyards make a good market.

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Frank Woods

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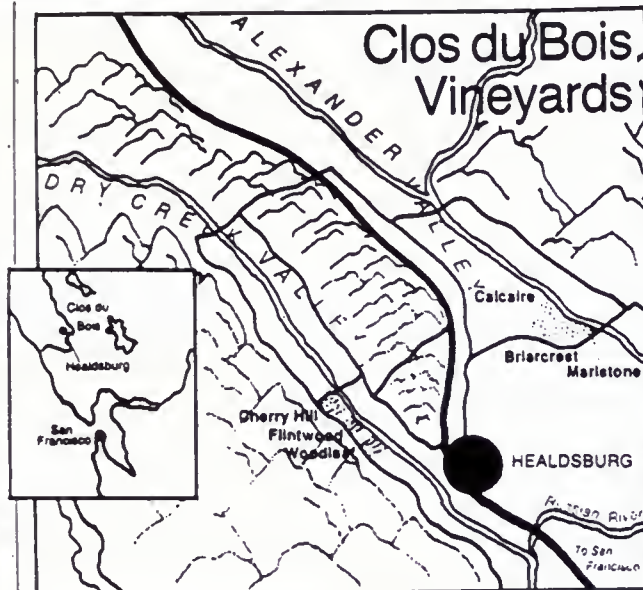
ing look, industry observers say. "Marlstone" and "Calcaire" have a solid, classy ring to them. Woods notes with satisfaction that on at least one wine list Marlstone is listed simply as Marlstone, with no mention of Clos du Bois.

Owning the vineyards means that Clos du Bois can offer the same wines from year to year. It also means that any reputation the vineyards earn will stay with Clos du Bois, unlike vineyard names such as Winery Lake that have appeared on many producers' labels.

After Ego

Woods' alter ego in Clos du Bois is Tom Reed, 52, a college classmate, the invisible chief financial officer and chairman of the board. The pair say they always planned to evolve from a vineyard company into a winery and the meager market for grapes in 1974 provided the impetus.

"Since the first commercial vintage in 1974, all the grapes have come from our own vineyards," Woods says. "So



we developed a very intimate knowledge of the land and the kind of product that could be produced from it. We're controlling the product from the ground to the bottle.

"One thing that led us to the vineyard sites was our basic marketing strategy, which said that we wanted to be basically a Chardonnay and Bordeaux-type winery. We wanted to make wines that were desirable to restaurants and hotels — elegant, soft wines with aging potential."

"The keynote is consistency," says one of Clos du Bois' restaurant customers, Daniel Carusone, beverage director at Oreganerie Restaurant in the Arizona Biltmore in Phoenix. "Good restaurants are interested in maintaining older vintages and vertical selections. The fact that there is aging potential in Clos du Bois wines allow us that opportunity while at the same time we can pour the younger wines for our customers."

Clos du Bois' formula is paying off. Woods envisions a minimum annual growth rate of 20 percent to 25 percent for the next five years, with production reaching 300,000 to 400,000 cases within 10 years.

The first wines were made at Souverain Cellars until the winery was built in 1982. It's a 20,000-square-foot metal-skinned warehouse along the railroad tracks in this small city. Another, slightly larger building just across the tracks is used for wine storage. A more stately

CLOS DU BOIS WINES



Frank Woods: "We wanted elegant, soft wines with aging potential."

looking winery is planned for Clos du Bois' property in Alexander Valley.

Visitors expecting grand architecture may be disappointed when they visit the winery. The tasting room, currently being remodeled, is in the front; big stainless steel tanks, hundreds of oak barrels and the bottling line are in the back.

"I think he did a brilliant thing," Strong says of Woods. "He didn't tie up a lot of money in bricks and mortar and stainless steel. He had other wineries make it for him at first, which freed up money for marketing."

Elegant Entertaining

The winery itself may not be a showplace, but Woods' 100-year-old country house just outside of town is an elegant place to entertain important winery visitors. It overlooks the Woodlee Cabernet Vineyard from the west edge of the Dry Creek Valley. Woods and his wife, Kay, live in San Francisco, but spend time here when possible. Their children are 16, 18 and 20.

Woods says the family was a major motivation for leaving the product development business and getting into wine. "I came to realize that the more successful you were working for another company, you worked your way out of a product. After a number of years I decided one thing that was key for my children's future was to develop products of our own."

As president and chief salesman Woods is the front man for a group of several dozen stockholders, largely friends and relatives of Reed and himself, who own the vineyards, the winery and two wine labels, Clos du Bois and River

THE WINE SPECTATOR

13

CLOS DU BOIS

1982

MARLSTONE
VineyardAlexander Valley
55% Cabernet Sauvignon, 40% Merlot
5% Cabernet Franc

A proprietary license plate end label

County offers such a wide range of soils and microclimates. This view helps make him a respected spokesman for all the county's growers and wine producers.

"In Europe you'd have to go from Bordeaux to the Rheingau to get the same range," he says. "But you can find certain areas in Sonoma County that produce a very enjoyable Pinot Noir and move away a half mile or two miles and find some warm soils where Cabernet and Sauvignon Blanc will prosper. As long as these areas produce wine in the upper range of quality, then we will continue to grow those varieties."

It's difficult to find fault with Woods' theory because Clos du Bois consistently delivers the goods — delicious wines that judges decorate and consumers drink.

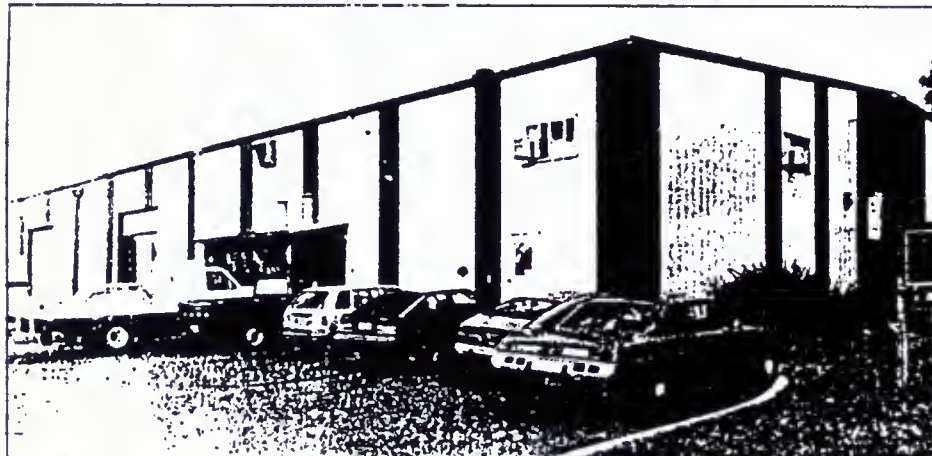
The winery's success has a lot to do with sound planning and foresight aided by fortuitous timing and probably a measure of simple luck. But a search for how Woods' has succeeded with Clos du Bois leads back to his determining what people want and then giving it to them.

It also leads back to the value of sweat. "Frank works like a dog," says Graf. "He is always out working on promotion. It's just a big, big, big part of it."

Jim Rosenthal, a free-lance writer, contributed to this report.



Woods at his country home overlooking Clos du Bois' Woodleaf Vineyard, where Cabernet Sauvignon is planted



The stillarian winery in Healdsburg: A new one is envisioned in Alexander Valley

Oaks. River Oaks is the name of the company's Alexander Valley property and also the new line of lower-priced wines made from both purchased and estate-grown grapes.

Reed is a mover and a shaker in his own right. He served as secretary of the Air Force under President Gerald Ford and is currently president of Quaker Hill, a corporation that does land development and commercial farming.

Reed and Woods developed the Breckenridge ski resort in Colorado before launching Clos du Bois. They acquired land for the resort, planned commercial buildings and condominiums and found a company to prepare the slopes and put in the chairlifts.

It was an unusual prelude to winemaking, but the pair's business savvy shows in Clos du Bois. "Clos du Bois is not a hobby; it's a business," says Reed. "If you're going to run a successful business you have to have a good business plan to follow so that you know what to do today to get to where you want to be tomorrow."

That hasn't always been easy, and Clos du Bois has made some adjustments along the way. Alexander Valley proved too warm for the Pinot Noir vines planted there, so they were removed. Merlot has supplanted some of the original Johannisberg Riesling acreage. Chenin Blanc and Zinfandel have been abandoned.

The goal has been to grow the grapes that best suit the land and microclimates, and to make wines that consumers like. Mary Ann Graf, a consulting enologist here and former winemaker at Simi, credits Woods' palate for some of Clos du Bois' success. She has participated in

tastings at the winery.

"I think he tastes wine not for what he likes personally but for what the consumer wants, for what their marketing approach is aimed at," she says.

Encouraging Awards

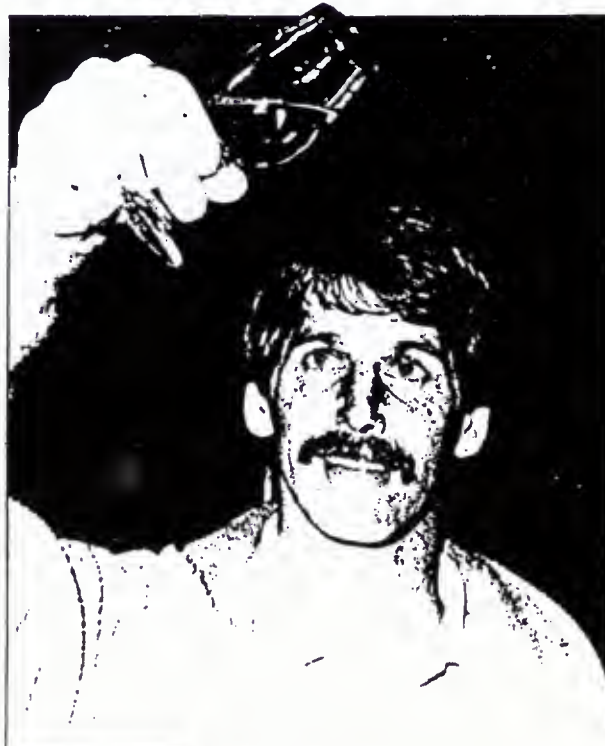
Wine judges like Clos du Bois, too. The ribbons they award don't translate directly into increased sales except in the locale of the judging, Woods says, but they offer encouragement to his sales force and to distributors and retailers. They also keep Clos du Bois' name in print without having to pay for advertising.

Clos du Bois' success may be 80 percent due to brilliant marketing, as Graf suggests, but it wouldn't be broad or lasting success if the wines weren't consistently exceptional in quality. Vineyard manager Hughes Ryan and winemaker John Hawley are the men who make sure the vines are healthy and the wines clean.

The combination of vineyard techniques and winemaking expertise has given Clos du Bois one of the broadest ranges of outstanding wines in California. Clos du Bois has as many as 15 different labels on the market at one time, not counting the River Oaks line.

In the past 15 years few new wineries have tried to tackle so many wines. That was the territory of the big, established guys like Sebastiani, Louis Martini, Inglenook and Wente. Most newcomers, like Jordan, whose vineyards border Clos du Bois' in Alexander Valley, specialized in a few premium-quality wines.

Woods says there is no reason not to make a variety of wines when Sonoma



Winemaker John Hawley: consistently exceptional wines

The International Wine & Spirit Competition
1981

GOLD AWARD

Product: CHARDONNAY 1979

Producer: CLOS DU BOIS WINES

Entered by: CLOS DU BOIS WINES

THIS IS TO CERTIFY that the above Award was
made after analysis and blind tasting in full International
Competition and in accordance with the IWSC Index

A. J. ...

CHAIRMAN

Ray ...

DIRECTOR



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